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JPRS 81357

23 July 1982

# West Europe Report

No. 2002



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23 July 1982

## WEST EUROPE REPORT

No. 2002

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## BELORGEY ON POLICE REFORMS, ANTI TERRORISM MEASURES

Paris LE MATIN in French 11 May 82 p 16

[Interview of Jean-Michel Belorgey by Marianne Thery]

[Text] In the polemic between the interior minister and the guardian of the seals over identity checks, it was surprising not to hear the voice of Jean-Michel Belorgey. However, the author of the report on new directions for the French police preferred to remain silent. He regards as hysterical the noisy discussion about lack of security. The deputy from Allier today offers an original, if not paradoxical, point of view. He is in favor of telephone taps as part of the struggle against terrorism. He is in favor of preventive identity checks. These positions will certainly upset a number of his Socialist friends.

[Question] The minister of interior recently announced the implementation of a government action plan for combat of terrorism. The guardian of the seals immediately reminded that there was some limit to the means that could be used against terrorism. What are we to conclude from this?

[Answer] The classical police methods are not appropriate for combatting people who are virtual kamikazes. One can resort to procedures which would otherwise be unacceptable under traditional police methods: telephone taps, and retention in files of normally illegal information, such as details of private life. One of the fundamental principles stated in my report, however, is that information of this kind should not normally be retained on file. Nevertheless, this is unfortunately one of the only effective methods in combatting terrorism.

[Question] In your report you conclude that we should retain the provisions of the "security and freedom" law in respect to identity checks, but with guarantees. After having condemned it, are you now coming round to support this law, which has been described as wicked?

[Answer] I have never condemned the Peyrefitte law provisions in toto. I have always considered that administrative identity checks by the police were not necessarily any more serious than judicial checks. In the former case there is no involvement by justice, in the latter a judge issues a warrant. However, the judiciary procedure is sometimes too slowmoving

to enable effective police action. I therefore favor administrative checks, as a preventive means. Also, they must be regulated, and guarantees must be adequate.

[Question] The guarantees contained in the new bill authorizing preventive identity checks could cause some concern because they are imprecise. For example, the concepts of "immediate danger" and "at a set location" are reminiscent of the vagueness for which the "security and freedom" law was criticized.

[Answer] No, I do not believe that. In contrast with the Peyrefitte law, this one limits the circumstances in which identity checks can be conducted. As for verifications of identity, we propose that duration not be permitted to exceed 3 hours at the police station, also that no one be allowed to file information, take photographs, or fingerprint without initiating the regular procedure. It is still the elements of the population who do not have a very positive appearance and who hang around the bars who are going to be affected. Whether these checks are administrative or judicial, the result will be the same.

[Question] Would we be getting back into the trap of the "crime of having a bad appearance."

[Answer] We will never be able to eliminate that kind of problem. However, we may succeed in calming the hysteria of the French about lack of security.

[Question] Is not the government allowing itself to be dominated by the insecurity psychosis?

[Answer] Completely. I even said once that it is too bad that panic is gripping heads which we thought were steady. The tone used in issues of combatting delinquency plays a significant role. At this time, things are slipping. Matters are serious but not at the point of giving in to a delinquency neurosis. Otherwise, we will get a spiral effect.

[Question] In your report, you said you would like to see the police "prevent before using force, and use force with sensitivity." These are commendable objectives, but how can they be put in practice?

Many policemen basically believe in using force. When I refer to prevention, that already provides a choice. We must establish area teams in continuing liaison with the teacher, mailman, and the butcher. This is the English bobby. He must have a father image: reassuring and dissuasive at the same time.

However, this cannot do the whole job. There must also be teams to assist and watch over delinquents--there is no benefit in locking them up--to ease the policeman's task.

[Question] In the new police ethics that you would like to see established, what fate would you reserve for offenses.

[Answer] We must recognize the right to make a mistake; neither dramatize nor overlook offenses. Policemen are very sensitive to that: My approach is normal speech. I use neither accusations nor grimaces. I do not tell them they are tough guys, or that they are heroes. One can imagine having penalties without a code of ethics. I had thought of the possibility of a written code of principles. Public. However, today all that appears to be seriously jeopardized.

[Question] What is the status of the possible establishment of an information commission on police activities?

[Answer] It would have served the public as an observer of the morality of the minister and his police force. It would also have made it possible to get to the bottom of some affairs. However, if I understand correctly, the ministry does not want it; it regards it as complicated, unnecessary. It has the feeling that it would come to control the ministry. Others are afraid that, on the contrary, the commission would become a council of figurehead personalities under the orders of the ministry. Whenever you have a new idea, there are always 20 people waiting to jump on you.

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CSO: 6131/500

## ROLE OF INTELLECTUALS, GOVERNMENT IN AIDING TERRORISM SEEN

Paris LE FIGARO in French 11 May 82 pp 1, 14

[Article by Alfred Fabre-Luce: "Terrorism and the Intelligentsia"]

[Text] In the interest of not promoting a psychosis, I did not comment immediately on the Rue Marbeuf attack. I did well to wait: I have learned something in the interim. I have learned from an article by Bertrand Poirot-Delpech, published on the first page of LE MONDE, that the fact that we have not experienced during the past decade the same afflictions as some of our neighbors is due to two protecting angels, Sartre and Lacan.

It is true that my brilliant colleague also gave a second explanation. According to him, the leaders of the French proletarian Left who might have turned to terrorism "were, in greater proportion than in Italy, of Jewish origin." These people recognized in 1972, when the anti-Israeli attack took place in Munich, that terrorism could turn against them. I will not pursue Bertrand Poirot-Delpech on this ground. Let us turn rather to the protecting angels and their posterity.

We can make a clear distinction between "national" and "international" terrorists. The latter, thus far, while in France have not felt like they are fish in water. This can be attributed to the wisdom and unity of our people, gained at high cost during past tribulations, and to explain which there is no need to invoke the influence of Sartre (whose visit to Andreas Baader could have been misinterpreted) or of Lacan (whose sole appearance on television, a clown and charlatan spectacle, could not have mobilized anyone, in one direction or the other).

Between the national and international forms of terrorism there is unfortunately an intermediate form which is "separatist." The pair whose release Carlos recently demanded had Corsican friends, and the Basques are stirring (unequally) on both sides of the Pyrenees. It is not far from Corsica to Libya. There are ties between Libya and the USSR through several governments in the Middle East. Gaston Defferre said that "the arms come from the East." We congratulate him on having said out loud what previously has been only whispered. Our intellectuals, and the government which they helped bring to power, have also played their role in the history of terrorism.

If Bertrand Poirot-Delpech would reread what our Leftist press printed in October 1977 (Mogadiscio) and October 1980 (Copernic), he would get some surprises. In 1977, a major offensive by international terrorism, which began with the victorious hijacking of a Japanese plane, failed in a decisive test of strength, thanks to the decisiveness of Chancellor Schmidt.

In Mogadiscio he both saved 92 hostages and protected the future of all free countries. I made this affirmation at the time in an editorial titled "Civilization Has Wavered." This earned me the encomium of the CANARD ENCHAINE!

Even today, we cannot think about the Mogadiscio operation without fear of what the consequences would have been, in Germany and France, of failure of that operation. A poll of our neighbors during the preceding days showed 42 percent in favor of resisting and 42 percent for giving in. I then described--very accurately, I think--French opinion as follows: "During this week of uncertainty, we have seen revealed the sympathizers among the intellectuals, just as others were revealed during the difficult days of the Portuguese revolution, and we have learned their techniques in detail. These include: false symmetry--a phrase against Baader, a phrase against Schmidt; discreet defense of unconditional surrender ("the best response to violence is nonviolence"); and leading questions, suggesting that the person being interviewed reply that the guilty ones are not the assassins but the "defenders of law and order."

This propaganda continues. We see films praised, even in the middle class press, in which West Germany a democratic country is presented as a policy tyranny, and the struggle against terrorism as leading to criminality. LE MONDE, which had given prominence to Bertrand Poirot-Delpech's article, did laudably recall on an inside page during the same week that the FRG had won out against terrorism in its territory by conducting 400,000 identity checks. In our country, people had raised a cry of alarm about such checks, although every innocent citizen should be happy to undergo them, in certain circumstances, even if they do cause some slight and temporary inconvenience.

The second episode: October 1980, the attack on the Rue Copernic synagogue.

Our intellectuals participated actively in creating the great myth that the attack was French-originated. In Jerusalem, Menahem Begin charged Valéry Giscard d'Estaing with responsibility. In Paris, François Mitterand said he expected the resignation of the interior minister. In the street, suspects were beaten or had acid thrown at them (sometimes only because of a similar name) amid silence by the press and passivity of intimidated public officials. This "antifascist" mini-terror could have produced a "pro-fascist" reaction, but fortunately the latter was brief and minor. However, the unfounded accusations against the police affected the reputation of a fine arm of the state, and we have subsequently seen the consequences.

Today's government responsibilities also increase those of the intelligentsia. Christian Bonnet made some important points in this connection which some have tried to make us forget by drawing public attention to the idea of a literary



award, thereby avoiding the core of his arguments. According to the former minister of interior, the present minister of justice released prematurely, in violation of the amnesty law, detainees who had fired on the police and put back in circulation 40 dangerous terrorists. Christian Bonnet also wanted to know whether the investigation of the Carlos terrorists had not been limited intentionally so that its connection with the activities of the Corsican autonomists would not come to light. The public is waiting for replies on these various points, replies which have thus far not been forthcoming.

On another point, we do not even need to wait, because it is a fact: France has not ratified the European convention on suppression of terrorism. Is this compatible with its claimed struggle against this terrorism?

Some deputies have recently questioned the "legitimacy" of the government. However, the question to be asked is only about the government's responsibilities. If the president of the republic ignores them much longer, he will ultimately lay himself open. He has already been accused of traveling to the other side of the world to avoid having to explain himself before the French people and of giving vague answers to questions which journalists were able to put to him in a friendly province. Let us disregard these details. In spite of all these evasions, the hour of truth will come, inevitably.

In the meanwhile, our president should not misjudge the attitude of his most determined opponents. They are not really trying to remove him. They know that the opposition is not ready to take over the helm and has no interest in assuming the whole bill for the government's broken pottery. They would therefore like to see the president of the republic and the prime minister remain in office long enough to suffer the inevitable consequences of their errors.

The occupant of the Elysee (whoever he may be) has often been described as a prisoner. The Frenchmen I am talking about would like Francois Mitterand to remain "condemned to 6 years" (with hope of release only at the time of legislative elections); 6 years of expiation during which he will be forced by circumstances to deny what he has said and undo what he has done. They feel that a profitable reaction movement will only develop after that ordeal. I myself, for once, feel a little more lenient. It is my hope that well before the end of the 6 years, and at the request of the president of the republic, new men motivated by another spirit will come to share with him the crushing burden of state.

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CSO: 6131/502

## PCF EDITORIALIST ON ISRAEL, PLO, TERRORISM

Paris L'HUMANITE in French 6 Apr 82 pp 1, 3

[Editorial by Rene Andrieu: "The Terrorists Are Always Those Others"]

[Text] The terrorists are always those others. Mr Rosenne, the Israeli ambassador to Paris, should have pondered this elementary truth instead of delivering, as he has been doing for several days, his offensive attack on almost the whole world following the assassination of a counsellor of the Israeli Embassy in Paris.

We have already stated, and repeat, that we condemn every terrorist act, whoever the perpetrators, and whatever their motives. Anyway, the Israeli representatives are far from being the sole targets; witness the long list of attacks during the past few years. Those responsible must be actively pursued and must answer for their actions before the courts.

However, the representative of the Begin government, unless he has a very short memory, would profit by showing more reserve; this for many reasons, any one of which would be sufficient.

In a rush he went after the PLO, which he accused, without any proof, of responsibility for the murder; after the French Government as guilty of tolerating the presence of a PLO office in Paris; after television for showing scenes of the repression of the Arab population on the West Bank; after the press in general, with a few exceptions, for allegedly affirming the lie that human rights are violated in Israel; and, finally, after the United Nations, considered to be an accomplice to Arab terrorism.

His arguments are marked by the utmost simplicity: In his view, all who criticize the Begin government's policy of annexation of Arab land are "anti-Semitic." This is true even if the critics are Jews, such as the Israeli Communists who had the notable courage during the president of the republic's visit to Jerusalem to say openly that the Palestinians also had a right to a homeland.

It would be easy to respond to this mediocre blackmail. Among those who condemn the Begin government's policy of annexation of Arab land are the majority of those who struggled, sometimes weapon in hand, at the side of the Jews against Hitler's racism at a time when it was more dangerous to do so than today, and this applies particularly to the Communists. On the other hand, among the elements of the press which so readily accepted Mr Rosenne's statements one would have no difficulty, with a careful search, in finding some of the finest flowers of Vichy anti-Semitism.

Another argument which Mr Begin's representatives use is that the PLO charter does not recognize the state of Israel. That is true. However, if anyone has minimum qualifications to pose such a condition it is the representative of a government which drove hundreds of thousands of Arabs out of their land, keeps those in Gaza and the West Bank under military occupation, and refuses a state to the Palestinians. Under conditions, how can Israel have the right to demand of others what it refuses to give them itself. Truth on this side is error on the other.

The truth, the reality, is that Palestinian people, like the Israeli people, have the right to a homeland, and that nothing, not even a temporary military superiority, will be able to prevent them from struggling for it. When Mr Rosenne assures us that Arab children throw stones at vehicles of the military occupation police because someone has given them \$50 for this game, he has not only violated the diplomat's obligation of restraint but also the most basic decency. A just policy is not based on contempt for another people.

He accuses the PLO of having organized the assassination of the Israeli Embassy counsellor, although the prime minister said yesterday that nothing justified such a hypothesis and that the PLO representative in Paris had declared that he had had "nothing, either closely or remotely," to do with this attack.

In general, he cited human rights as the reason for refusing any discussion with Palestinians guilty, according to him, of the most cowardly terrorism. However, could he have forgotten that his own head of state himself once led a terrorist organization, the "Irgun," which made itself famous not solely by its spectacular attacks against the British Army? Could he have forgotten 9 April 1948 in the small Arab village of Deir Yassin, near Jerusalem where 245 people, men, women, and children were massacred by the Irgun? Or that Mr Begin, far from condemning it, wrote in a book published in 1951: "The massacre was not only justified, but there would not have been a state of Israel without the victory at Deir Yassin."\* Is some terrorism criminal and other terrorism not, even if both sacrifice women and children?

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\*"The massacre was not only justified, but there would not have been a state of Israel without the victory at Deir Yassin" ("The Revolt, Story of the Irgun," New York Schuman 1951, p 162). This phrase disappeared later from the French translations of the book, "The Israeli Revolt," (Plon 1953). It was cited by Vincent Monteil in his book "Secret File on Israel--Terrorism," Guy Authier.

Some judgments of Deir Yassin: "Nothing I have been told has justified or could justify the murder of 250 innocent Arabs, including more than 100 women and children" (John Kimshe in Seven Fallen Pillars--1960).

"Men, women, children, all the villagers who had not fled, were massacred." (Uri Avnery, "Israel Without Zionism," Seuil 1969).

"The plan to terrorize the Arabs was pursued to the end by the Irgun. An Irgun commando in the night of 9 to 10 April (1948) systematically massacred the 254 inhabitants, men, women, and children, of the Arab village of Deir Yassin." ("Israel and the Arab Refusal," Maxime Rodinson, Seuil, 1968). "It is a fact that on 9 April 1948 at Deir Yassin the Irgun massacred 250 Arab women and children." (Andre Fontaine, LE MONDE, 30 November 1974).

I did not cite this example, among others possible, simply for the pleasure of reviving such memories, nor to pour oil on the fire. I did so because Mr Begin's policy can only lead to new tragedies. Violence begets violence. His contempt for the national claims of the Palestinian people prevent any settlement of the Middle East conflict. However, recognition of the Palestinians' right to have their own state is the only way to end the bloody chain of all kinds of terrorism. That is also the only way to protect the real interests of the people of the state of Israel.

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CSO: 6131/502

## DETAINED ETA MILITANTS DISAPPEAR, OTHERS ARRESTED

Paris LE MONDE in French 16-17 May 82 p 22

[Text] The disappearance from their hotel near Perigueux of four Spanish Basques whose extradition was being requested by Madrid is causing considerable unhappiness in Spain. In the evening of Friday 14 May, the French ambassador to Madrid, Raoul Delaye, was summoned by the minister of foreign affairs, Jose-Pedro Perez Llorca, who conveyed his country's concern.

Our correspondent in Spain, Thierry Maliniak, reports that the minister conveyed to Mr Delaye a "strong protest" regarding the disappearance during the night of Thursday to Friday of Thomas Linazza and Miguel Aldona-Barrena, presumed to be members of the Basque Fatherland and Liberty Group [ETA]--military, as well as Juan-Miguel Arrugaeta and Jose Antonin Atxega, suspected of belonging to the ETA--political-military. Perez-Llorca emphasized that this disappearance proves that the French measures in respect to the ETA members are not only "inadequate but poorly carried out." This latest development has occurred not long before Mr Mitterand's scheduled official visit to Spain on 22 and 23 June.

Our correspondent adds that the Madrid government's irritation is prompted by the persistent tension in the Basque area of Spain. On Friday, a taxi driver was assassinated and a rural police barracks fired on by automatic weapon. These attacks have occurred near the end of the period of the ultimatum which the ETA military branch delivered to the Madrid government. The separatists gave the government until the end of May to remove Spanish police and their families from the Basque country.

Our correspondent in Dordogne reports that the four militant separatists who disappeared had at the beginning of the year been confined to quarters at the Ecluse Hotel in Antonne-et-Trigonant. More than one of them had come from Yeu Island, where they had conducted a hunger strike to protest being confined to quarters in a place which was difficult to visit.

The disappearance coincided with the arrest on Thursday at Dax (Landes) of the mother and daughter of the owner of the house where the father of singer Julio Iglesias had been held. Iglesias was released by the Spanish police on 16 January. The two women were Mrs Aurora Fombellida, 47, and

her daughter, Mrs Anne-Maria Gutierrez. A man, Jose Zabala Bibao, 24, was also arrested in the same operation. These arrests bring to 18 the number of French and Spanish Basque separatists questioned in the southwest during the past 3 weeks.

This increased effectiveness of the French police should have been welcomed by Spain. However, our Madrid correspondent tells us that the Spanish government regards the members of the ETA--political-military arrested in the southwest as less dangerous than the Basques of Perigeux.

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## CROISSANT WRITES LETTER ON ACCUSED KROESEN ATTACKERS

Paris LE MONDE in French 14 May 82 p 4

[Text] Karl Grosser and Jurgen Schneider appeared before a Stuttgart court on 13 May charged with having participated in organizing the 15 September 1981 attack in Heidelberg on the commander of U.S. land forces in Europe, General Kroesen. At the time of the attack, the two men had been in jail since 10 April 1981 for having distributed leaflets supporting the Red Army Fraction [RAF] prisoners then on a hunger strike.

In this connection, Klaus Croissant insists that the two men are not members of the RAF but simple "members of the legal anti-imperialist movement." He sent us the following letter:

After the RAF rocket attack on Gen Frederick Kroesen in September 1981, the first trial of two "suspects" began in the famous Stammheim bunker before a state security court of the Stuttgart court of appeal. A strange fact: When the attack took place, the two defendants, Karl Grosser and Jurgen Schneider, had already been in preventive detention for 5 months.

A singular development: For the first time, the American Army is to participate in a trial of legal members of the anti-imperialist movement in the FRG. General Kroesen's aides, Majors Bernhardt and Bodin, will appear as witnesses on Thursday 13 May. According to the federal prosecutor, the American general was being followed, shortly before the attack, by a motorbike, which has not been located but whose license number turned up among notes found on one of the accused. Is this a judicial-police reply to the anti-American groundswell in the FRG? That is no obstacle.

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CSO: 6131/500

## ANTI-MAGHREBIN 'LIBERATION BRIGADE' BURNS CAR, THREATENS DEFFERRE

Paris LE MONDE in French 18 May 82 p 12

[Text] Avignon--A car belonging to Ben Mohammed Abdeslam, brother-in-law of the man in charge of the Avignon mosque (Vaucluse), was burned by unidentified persons on Friday 14 May at about 0400 hours not far from that building, which is located at 14 Rue Alger. An unidentified caller, saying he was speaking for the "Liberation Brigade," an organization unknown to the police, claimed responsibility for the attack in phone calls to several regional daily papers.

"Our anti-Maghrebin commando is a special section attached to the group which is currently successfully dealing with Maghrebin interests in Romans.<sup>(1)</sup> This is a warning to Henri Duffaut, senator and mayor of Avignon,<sup>(2)</sup> who is a great friend of the Socialist-Communist alliance." Finally, after demanding "the closing of the Avignon mosque and expulsion of the unemployed Maghrebins and their families," the unidentified caller indicated that "Mr Duffaut and his town, as well as the mayor of Marseilles, Gaston Defferre, were high on (their) list."

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(1) A building intended for the Moslem community of Romans was totally destroyed by an attack on 3 May (LE MONDE of 4 May).

(2) Editor's note: Mr Duffaut is a Socialist Party member.



## 'REVOLUTIONARY DEMOCRATS' INTERVIEWED ON OBSTACLES TO UNITY

Stockholm ARMANC in Turkish Jun 82 pp 11-13

[Interview with "Revolutionary Democrats" by ARMANC; date and place not given]

[Text] ARMANC: As is known, all efforts by progressive groups to unite antifascist forces in Turkey have so far failed to produce any results in the desired sense. Confusion and discord continues to dominate the struggle against fascism. The same conditions apply to the national democratic resistance forces in Kurdistan. We have learned that a series of talks were held among the progressive and revolutionary forces in Kurdistan after the 12 September [1980] coup to discuss the issue of national democratic unity. Nevertheless, no substantive steps have been taken in the direction of unity. What, in your opinion, are the reasons behind the failure to form an antifascist front?

Revolutionary Democrats: Many reasons can be given for the failure to form a broad union of antifascist forces. We will just mention the primary reasons.

Firstly, the discord and confusion that affected the revolutionary movement and the antifascist forces in general before the 12 September coup continue to exist under counterrevolutionary attacks that intensified after the fascist coup.

It is interesting that the "discord" which represents an existing concrete fact on today's political forum and which has given rise to the need for unity stands today as an obstacle before "unity."

It is easy to see that the image created by the phenomenon of discord in Turkey is a significant obstacle for the realization of unity.

For one thing, there is no cooperation between the worker class movement--the most resolute element in the antifascist struggle--and the socialist movement. The socialist movement in Turkey is divided into a number of groups. None of these groups has the power to lead the antifascist struggle and to unite all the diverse forces around itself. The situation was the same before the 12 September coup, but it has deteriorated even further as a result of the openly terroristic tactics employed by the junta. Even worse, rightist pacifist trends began to emerge in some sectors of the socialist movement. Also observed were inclinations to degenerate the socialist movement into everyday policies of pitting the "diverse wings" of the junta against each other and dreams of the day when the

trumpets of social democracy would herald the "Day of Judgement." This situation scuttled the serious efforts made before and after 12 September [1980] to unite the whole spectrum of forces and nullified certain positive steps that had inspired hope among the antifascist forces.

Before the 12 September coup, certain opportunist and adventurist groups on the left were not even aware of the issue of unity. Although only a motley assemblage of various groups, these people, intoxicated with the smoke and confused air of individual terrorism, thought that they were the leaders as well as the front. This situation contributed to their heavy defeat after the coup. Since their action could not go beyond individual violence, the energy, the sacrifice and the determination of thousands of militants were wasted for nothing. Furthermore, the fascist junta was able to use this situation as a pretext to exploit the masses' weariness of "terrorism." Thus, for a while, the junta was able to muster the support of the masses or, at least, to keep them silent.

Meanwhile, the social democratic movement in Turkey continued, before and after the coup, its mission of an accommodation with the monopolist bourgeoisie and surrendering to, or even compromising with, fascism. Such surrenders and compromises are in the character of the social democrats and other bourgeois reformist movements around the world. Pulling the social democrats into the field of struggle is possible only through a strong revolutionary movement and its ability to motivate various classes of the society. So far, the social democrats have done nothing against the fascist junta except a few individual isolated efforts. Such an attitude naturally has an adverse effect on social classes that are influenced by social democracy inhibiting them from joining the mass struggle against fascism.

The socialist and patriotic movements in Kurdistan, which form an important and basic part of the general antifascist front in Turkey, are, as you pointed out, not united. If a union of forces had been forged in Kurdistan, it could have played an stimulative role in the formation of an antifascist front in Turkey. The failure to affect such a union represents a defect in the antifascist movement in Turkey and impedes efforts to build a united antifascist front.

Meanwhile, the relatively short history of the revolutionary movements in Turkey and Kurdistan and their inexperience in struggle have also been important problems in the establishment of unity. These factors have become more evident following the 12 September military fascist coup. It must be said that although all revolutionary democratic and social democratic movements expected the coup, none of them could accurately estimate the extent of the attacks that would be launched by the monopolist bourgeoisie after the coup. Despite everything they were caught unprepared. They could not regroup fast enough to prepare for a struggle under the new conditions. This situation severely hurt the revolutionary movement. The movement received wounds that were hard to heal in a short period of time. Now, the same inexperience, or amateurism, so to speak, is showing itself in connection with the issue of an antifascist front. Apart from the diversity of "rightist" and "leftist" approaches to the issue of an antifascist front, no clear perspectives exist among the antifascist public on the practical aspects of the issue. Very little is substantively discussed on this issue.

The diversity of approaches to the issue of a front has also made the unification of broad sectors more difficult. On the one hand, there is the leftist sectarian approach of identifying the issue of the antifascist front with that of a popular revolutionary front at the exclusion of some sectors of the antifascist forces. On the other hand, there is the rightist approach of coupling the struggle to the social democratic bandwagon. The first of these approaches, in reality, disregards the issue of an antifascist front, while the second approach sacrifices the struggle to the compromising attitude of the social democrats.

ARMANC: As is known, the national democratic struggle in Kurdistan has an important role in the revolutionary movement in Turkey. We know that the Revolutionary Democrats are extremely concerned with the issue of the unity of the national democratic forces in Kurdistan. What can be said about the fact that the national democratic forces in Kurdistan have hitherto failed to unite? "Riya Azadi", a new publication that came into being last March, wrote that for a while the Revolutionary Democrats became involved in unification efforts after insistent calls from other circles and that, however, they later withdrew their cooperation from these efforts on the pretext of certain criticisms leveled against them. What are your views on this issue?

Revolutionary Democrats: The conditions that we discussed previously in connection with the general situation in Turkey almost entirely apply to the issue of the unity of the national democratic forces in Kurdistan. There are also a number of local factors, linked with the said conditions, that have inhibited serious steps in the direction of a unity of the forces in Kurdistan.

These local factors stem from certain incidents that were reported in an entirely distorted manner by "Riya Azadi." First of all, it must be stated that the Revolutionary Democrats have not joined part of the unification efforts as a result of certain insistent calls and that they have not later walked out of those talks.

Firstly, unification talks were being held among the forces in Kurdistan before the 12 September coup. At the time the talks concentrated on the failure of the UDG [expansion unknown] venture and efforts to build the unity to be forged on the foundations of the lessons learned from this experience. However, the 12 September coup came before any results could be achieved. A series of talks were held after the coup.

The talks that are currently continuing on a periodic basis were initiated not as a result of "insistent calls" from TKSP [Kurdistan Socialist Party of Turkey], but as a consequence of joint efforts and calls made by the Revolutionary Democrats and their colleagues from KUK [expansion unknown]. Before the start of the said talks, the TKSP was holding meetings with the Apoists [Kurdistan Workers' Party] in connection with unity of action. Opposed to such a platform, the Revolutionary Democrats together with KUK and colleagues from the TKSP and Ala Rizgari called for negotiations for quadrilateral unity of action. The quadrilateral--sometimes trilateral--talks that are continuing on a periodic basis are the result of these initiatives.

After only a few sessions of talks, "Denge Kômkar" published an article which

exploited a clearly nonpolitical murder incident in Kulp to severely criticize the Revolutionary Democrats. This article accused the Revolutionary Democrats of provocation, cooperation with colonialists and attacks against "socialists."

The Revolutionary Democrats brought up the issue of the article at the unity of action meeting and demanded the neutralization of this negative attitude through mutual talks and the rectification of the error made. It is a fact that the article published in "Denge Komkar" was the result of an erroneous and dangerous mentality. Because, even though the incident evolved from a fight among high school students and had no political overtones, it was deliberately and grossly distorted, and the Revolutionary Democrats were shown to have ambushed and murdered a "socialist." The article also alleged that the Revolutionary Democrats are terrorists, that they are cooperating with the colonialists instead of fighting them and that they are attacking the "socialists."

During the talks we asked the representatives of the TKSP why they were discussing cooperation with us if that is the way they thought about the Revolutionary Democrats. We asked them why accusations of such severity were being made if they thought we were needed for unity of action. The TKSP representative said that the article represented their views and refused to discuss the matter on grounds that such "critical" articles should not be brought up during these talks.

Upon that, we stated that we will continue to participate in the unity of action efforts, but that no genuine cooperation can be achieved without resolving this issue. The TKSP representative then attempted to show this stand as an obstacle before the unity of action efforts. Subsequently, the unity of action talks were suspended so that the issue could be discussed and resolved.

Later on, however, the talks were resumed on a trilateral basis without any positive developments in connection with the article in "Denge Komkar." After a few months, discussions were held to return to quadrilateral talks. This time, the TKSP representative said that the article in "Denge Komkar" did not express the views of their central administration, that it was only a letter sent from a certain region and that the allegations in the article were not leveled against the Revolutionary Democrats in general, but rather against individuals in the region where the incident took place. We replied that we did not think the article was restricted to the said framework, but that if that is what they thought we would accept a public explanation to that effect--while reserving our rights of criticism--as a sufficient condition for cooperation. However, the TKSP did not take a single step in this direction. They told us that they would accept our proposal if we initiated a public debate on the issue. We have discussed this issue in a brochure we have published and criticized the lame mentality of the said article. The TKSP has so far made no public statements in line with what they told us. Now, "Riya Azadi" is claiming that the Revolutionary Democrats have withdrawn from the coalition talks with no mention of these events.

We, on the other hand, put forth certain options to insure the continuity of the talks even after the TKSP refused to say in public what they had told us during the meeting.

One of the options was a proposal to publish a joint statement. We proposed that a joint statement, signed by all four parties, be issued explaining the incident

and containing a statement by the TKSP along the lines of what they told us at the meeting. We stated that the public should at least be informed about the resolution of a problem it already knows about and erroneous impressions created in the public's mind must be eliminated. However, our proposal was not accepted. We then proposed: "Let us continue the internal aspects of the coalition and unity of action efforts without issuing a joint statement. Meanwhile, the issue of the article can be resolved through public statements and mutual debate. Till then, many steps can be taken toward resolving the constitutional and organizational aspects of the coalition and unity of action issue. Then we can present to the public a broader and a more detailed declaration." This proposal was rejected on grounds that "we must make an immediate announcement." Next, we proposed that "a trilateral statement be issued while work on the internal aspects of the unity of action efforts continues on a quadrilateral basis." This proposal was also rejected. At that point, we told them that we are always prepared to participate in cooperation efforts and that we will be waiting for their own proposals on this issue.

ARMANC: Given this situation, what will be the stance of the Revolutionary Democrats in the immediate future?

Revolutionary Democrats: The expeditious establishment of a national democratic front in Kurdistan is of vital importance to the interests of our people. Consequently, as we stated before, we are prepared to participate in any effort to form such a front on a quadrilateral basis as well as with the participation of other patriotic forces.

However, let us not forget that the issue of unity is not a simple or easy matter. Unity cannot be achieved simply for the sake of "appearing united." Nor can we degenerate the issue of unity to the business of getting together abroad once in a while and issuing statements. The organization and expansion of the struggle abroad is naturally very important, but it must not be forgotten that our main goal is the formation of a battle front which will attract the people in our country to the struggle platform. This can be done by taking up the issue of "unity" in a comprehensive manner; by indoctrinating the public in a healthy manner in this direction; and by creating an environment which will encourage the rapprochement and the cooperation of political movements not only at the upper level but also at the grassroots level.

It is clear that such an environment cannot be created if we form "backstage coalitions" while seeing each other sometimes as patriots and sometimes as "reactionaries" depending on our mood. Naturally, ideological conflicts among political movements will and must always exist. In fact, such differences have a positive effect on the interests of our people. But one cannot say the same thing about accusations that go beyond criticism.

We must also condemn the mentality of approaching the issue of unity from a standpoint of narrow group interests and building the whole policy of unity on that basis. If an environment of trust cannot be created among the militants and supporters of political movements, a healthy coalition cannot be expected to emerge. Consequently, we need to be open in formulating policies of unity and to discuss existing problems on a mutual basis.

ARMANC: What can be said about the formation of an antifascist front in Turkey in general?

Revolutionary Democrats: We worked before and after the coup for the establishment of broad unity among all the antifascist forces. For a long time, we worked for the materialization of political cooperation and rallying points for unity in a divided and chaotic environment where no single political movement had the power to unite all the groups. Our efforts in this direction began before the 12 September coup. We believed that political rallying points could be established in two fields. One alternative was central cooperation among all political movements in Turkey with antifascist goals in domestic and world affairs and with means to form a coalition over a short period of time. Later, this cooperation would be expanded to include other antifascist forces. The other alternative concerned the unity of national democratic forces in Kurdistan. This unity could also play an important role in the regrouping of antifascist forces in Turkey.

None of these two alternatives have materialized so far. The first alternative bore no fruit as a result of ephemeral policies and rightist tendencies adopted by the socialist movement after the 12 September coup. In fact, it can be said that this alternative is progressively losing its attraction. The second alternative has failed to produce any results because of the reasons mentioned above.

Here, we should note a few things. Although the said alternatives have so far failed to produce any results, current events have proven the correctness of the method we have proposed in connection with the formation of an antifascist front, and even if it is not said openly, our method has been endorsed by almost everybody. If we put aside its faulty leftist sectarian mentality, the recent "Birkom" incident has proven this fact.

We believe that the first alternative can be developed on condition that it cover all forces with a similar approach to the issue of the antifascist front. Furthermore, the fact that various regroupings are taking place must not be placed as an obstacle before the formation of a broad coalition. Naturally, we must resist leftist sectarian and rightist approaches to the issue of unity, and we must be sensitive about building the antifascist front on solid foundations. However, we must not see the narrow coalitions already established as obstacles, and we must not break the dialog with them. Such a stance would only serve to delay unity even further.

We also believe that we must seriously consider and discuss any proposal about unity no matter where it comes from. These discussions can be held through the press or in mutual meetings and conferences.

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CSO: 4654/369

## EC'S DOCUMENT ON FUTURE PROSPECTS FOR USE OF COAL

Rome RASSEGNA PETROLIFERA in Italian 21 and 28 May, 4 Jun 78

[21 May 82 pp 465-469]

[Text] A report entitled "Coal in the Community's Energy Strategy" by the Commission was published in No 105, GU [Official Gazette] of the European Communities, dated 26 April 1982. Because of the interest which this report may generate RASSEGNA PETROLIFERA publishes this important document in three installments; the paper is full of indications and data that are of fundamental importance to the future energy strategies of the member countries.

(Report of the Commission to the Council, dated 10 February 1982)

#### Introduction

1. In its report to the Council on the development of a Community energy strategy<sup>1</sup>, the Commission stressed the need for reducing the Community's dependence on petroleum through steps designed to encourage the more efficient use of energy and greater diversification of energy sources.
2. Coal has an important function to perform in this respect. The world's reserves are tremendous and according to some estimates they are four times greater than those of petroleum and natural gas together. Together with nuclear energy, coal constitutes the main substitute for petroleum in generating electric energy and along with natural gas it is the main alternative to petroleum for the generation of heat in industry. Its price is furthermore becoming more and more worthwhile when compared to the price of competitive sources, especially petroleum.
3. In spite of these factors, the use of coal within the Community has not developed significantly since the first oil crisis in 1973-1974. In 1980, the Community consumed 314 million t compared to 310 million t in 1973<sup>2</sup>; some of the reasons for the lack of development in coal consumption are intrinsic in the nature of coal itself. In terms of equal weight, its calorific power corresponds only to 50-75 percent of that of petroleum. Coal is more difficult to handle and to transport. The "chain" of coal the moment it is taken out of the mine and until it is delivered to the consumer is a long one; production,

storage, and utilization entail potential ecological factors. These reservations can be explained also if we look at the cost and the risks of conversion, the uncertainty regarding future price developments, the doubts as to the availability and the safety of supplies and the more general uncertainty regarding the actual importance to be assigned to coal in the energy policies of the member states.

4. The Commission is now certain that it is necessary to put an end to these hesitations. Looking at the doubts concerning the future of nuclear energy within the Community (on which the Commission is forwarding a separate report to the Council) and the obstacles involving natural gas, the Community markets for coal must be opened faster.

But these hesitations cannot be eliminated without further initiatives on the part of the member states and the Commission itself. In this document we consider what is necessary to overcome the main obstacles pertaining to the demand and to guarantee safe and economical supplies. In proposing the encouragement of investments, the document goes along with the separate report of the Commission on investments for efficient energy use.

5. Except for indications to the contrary, lignite and peat are not included in the analysis and in the following proposals which concern anthracite and above all boiler coal. The specific problems of coal from coke, tied to the future of the steel industry, are not taken up in detail. The Commission however calls attention to the potential shortage in the Community's coking plant capacities during the decade. Most of the facilities are obsolete and the investment rate is low. To meet the future demand (Table 1, Paragraph 6) investments amounting to about 180-200 million ECU per year will be necessary beyond 1990, as compared to the current investments of 110 million ECU in 1981.

## Coal Demand

### (i) Prospect of Policy Change Absence

6. In 1980, the Commission proposed as a priority step that the Community's demand for coal should be increased from a little more than 300 million t to 370 million t<sup>1</sup> in 1990 and to 580 million t in 2000. During that period of time, there were some rather optimistic forecasts made for industry as a whole based on the assumption of a rapid return to an annual 3-3.5-percent growth rate of the economy as such. These estimates seem to be rather excessive just 2 years later. Like other agencies responsible for coming up with forecasts, the Commission revised its estimates for the market's development on the basis of an economic growth in line with the assumptions in the Community's fifth medium-term economic policy program<sup>2</sup>. Table 1 shows the maximum predictions pertaining to the Community's coal demand in 1990 and 2000 plus a general, sector-by-sector distribution of the demand on the basis of an average annual 2.5-percent economic growth rate during the period of 1980-2000.



Table 1. Coal Consumption Estimates for the Europe of the Ten

	1980		1990		2000	
	Milioni (7) di t	%	Milioni (7) di t	%	Milioni (7) di t	%
(1) Totale :	314	100	360	100	500	100
(2) di cui						
(3) Produzione di energia elettrica	184	58,6	220	61,1	320	64,0
(4) Alimentazione delle cokerie	88	28,0	90	25,0	95	19,0
(5) Industria in generale	14	4,5	25	6,95	55	11,0
(6) Usi domestici e altri (comprese la gassificazione e liquefazione del carbone)	25	8,9	25	6,95	30	6,0

Key: 1--Total; 2--Including; 3--Electric energy generation; 4--Supplies for coking plants; 5--Industry in general; 6--Domestic and other uses (including gasification and liquefaction of coal); 7--Millions of tons.

It must be emphasized that the Commission is not presenting these figures as desirable objectives for the Community, nor are they supposed to be the maximum technical or economic limits for the use of coal up to the year 2000. These are simply reference data for the analysis of the obstacles which we will discuss below. Real coal consumption will depend on the Community's desire and determination to overcome the difficulties and to implement the proposals described below.

7. Table 1 shows that electric energy output will continue to represent the largest share of coal consumption in the Community, amounting to 64 percent of the total consumption volume by 2000. The total coal demand however will be heavily influenced by the increase in the electric power demand, by the pace at which the member states will manage to reduce their petroleum and gas consumption for electric power generation, and by the development of nuclear energy. It is expected that the increase in the electric energy demand will be greater than the increase in the total energy demand and might even be more than 3.5 percent per year, considering the faster spread of the use of electric energy in the industrial sectors by way of replacing hydrocarbons. It is nevertheless difficult to predict what the scope of this tendency will be.

8. The coking coal market depends to a great extent on the future of the Community's steel industry. In view of the circumstances it is not a good idea to try to predict any significant increase in the demand above the 1980 levels. In other industrial sectors however there are noteworthy possibilities for replacing petroleum with coal. Table 1 estimates the coal consumption of industry as a whole will be four times higher than current levels or perhaps even more. Noteworthy progress has been made in the cement industry. In other industrial sectors, especially those with heavy energy consumption, the perfection of traditional combustion technologies and the sale of the most modern technologies, such as the technology of fluidized-bed combustion,

could promote this change. There are however numerous problems which will be discussed elsewhere in the document. Looking at the Community as a whole, there is little likelihood of an increase in coal consumption in the domestic sector, which involves indirect coal use, through urban heating programs.

9. The long-term estimates are particularly uncertain regarding the potential new markets for coal as a raw material for the production of liquid or gaseous fuels. The size of these markets will depend on the future development of coal prices as such, on the development of oil prices and availability, and on the development of gas prices from more conventional sources as well as success in research, development, and demonstration products (R, S, & D). According to the most acceptable opinion of experts available to the Commission, it seems however that the demand for coal as a raw material will not constitute a very important element in the Community's overall coal demands over the next 20 years.

(ii) Boosting the Prospect for Coal Use

(a) Greater Clarity on Prices

10. Over the past 10 years, the price of boiler coal went up considerably following the increase in the worldwide demand level<sup>3</sup>. As far as the Community's consumers are concerned, the price of this coal remained competitive compared to the price of petroleum derivatives at a level which at first sight would seem sufficient to compensate for the investments in coal made by plants previously running on oil. However, doubts as to the possibility of maintaining the current advantage in the price of coal in the long run constitute a strong obstacle in the way of the faster expansion of the Community's demands. To speed up the development of coal it will therefore be necessary to promote a climate of confidence in the future availability of coal at competitive prices.

11. Nobody is in a position to predict with certainty what the development of coal prices will be on the Community's market in relation to those of other alternative sources over the next several years; this is why the Commission proposes the action mentioned. Much will depend on the success of initiatives aimed at coping with possible supply difficulties which we will discuss later. One condition necessary for having greater confidence in the future is a better knowledge of the current trend in the prices that are being paid in the Community.

12. In accordance with the provisions of the ECSC Treaty, a large part of the coal produced in the Community is sold at prices lined up with those of imported coal. It is up to the Commission to make sure that this lineup will be implemented in accordance with the provisions of the treaty and the subsequent decisions of the ECSC. This is why the Commission gets regular reports on prices of domestic and imported coal. It gets regular reports on prices paid for Community coal at the mine head; most of the reports deal with contracts pertaining to domestic and imported coking coal, along with quarterly reports on the volume, source, calorific power, and average cost of coal imports for boilers used in electric power plants. The Commission uses these reports to calculate and publish a minimum indicative [index] price for coking

coal produced in the Community and an average Community price for sales of boiler coal.

13. The Community's reports are sometimes inadequate. In particular, Community coal extraction prices are not worked out on a fully coherent basis that would make it possible to show the production subsidies granted by all of the member states. They furthermore do not always accurately reflect the consumer prices, taking into account the transportation cost, the handling cost, the price lineup discounts, as well as the wholesale margins.

14. The thing that means most in getting a better general knowledge of the way the coal market works is that the detailed reports, supplied to the Commission under the responsibility assigned to it by the ECSC Treaty, are restricted. This is why the published reports are of limited use in the broader context of the effort of getting a clearer general picture of the market.

15. The Commission therefore feels that--to apply these conditions in a manner most favorable to the increase in coal consumption--one should and one can improve the quality and quantity of information to be supplied to potential coal consumers concerning the market's development. In the report to the Council on energy prices<sup>4</sup>, the authors underscore the need for greater clarity on all energy prices as a fundamental factor in the development of efficient price policies and hence in the encouragement of proper action by investors and consumers. In its initial conclusions of 3 December 1981<sup>5</sup>, the Council agreed on the importance of a general improvement in the clarity of these reports which among other things should also include coal. The current flow of information reaching the Community should perhaps help in bringing about a faster identification of measures to be taken than in other sectors.

The Commission intends to ask that reports on coal prices be improved and that the best way to increase available data be studied. A specific improvement in the quality of information will be requested:

Of the producers in the Community through amendments in Decision 72/443/ECSC concerning the reporting of prices applied to the various consumer categories in the various regions<sup>6</sup>;

To the member states through a broadening of existing provisions pertaining to data on prices for the import of boiler coal; Decision 77/707/ECSC<sup>7</sup> is applied only to coal for boilers to be used in electric power plants and only provides for general data;

Through broader surveys among consumers.

#### (b) Promotion of Investments

16. Obstacles in the way of investments in coal-fired boilers for industry are examined in detail in the Commission's report to the Council on the replacement of oil with coal in other industries. This analysis is resumed and further developed in the Commission's most recent report on investments for the efficient use of energy.

Many industry users in general are discouraged by long periods of return and seem reluctant to make changes, at least not before their plants have reached their normal lifetime (since many oil-fired plants were built rather recently so that a large part of them would seem to last many years to come). This reluctance varies according to the amount of energy costs compared to the total manufacturing costs in the industry in question and the financial situation of the individual enterprises. However, in the current financial and economic climate, the general trend is to channel available money on a priority basis toward new investments in the manufacturing sector as such, rather than toward new and more efficient systems designed to increase the technical output.

17. Some member states (for example, France, the United Kingdom) have already taken initiatives in an effort to overcome the understandable reluctance of the investors. The Commission for its part intends carefully to watch the experimentation with such efforts on the national level and to analyze the need for possible supplementary efforts, both national and Community, as well as the most appropriate form to be adopted here.

18. As a supplement to this financial effort on the Community level, the Commission feels that a clear political commitment on the part of the member states to encourage conversion of coal would at all times constitute a very useful element in eliminating almost any other doubt on the part of potential investors regarding the importance assigned to these investments by the Community and the member states.

The Commission is now trying to get the Council's agreement on two Council recommendations aimed at promoting investments in coal-fired plants for industry in general (Appendix 1a) and for public buildings with district heating (Appendix 1b). In accordance with the instruments proposed, it is recommended to the member states that they take the initiatives necessary to promote coal conversion and reconversion investments in these sectors and to report on these efforts to the Commission every year. The Commission would keep close tabs on the initiatives taken and would make the necessary proposals in Council.

#### (c) Perfection of Coal Use Technology

19. Prospects for increasing coal use can be made to rise by continuing and stepping up the efforts already under way to improve the efficiency of already existing methods for the use of coal and to develop and sell new technologies.

20. These prospects are particularly favorable in the thermal energy sector where noteworthy progress has been made in recent years to adjust to the development of technologies such as fluidized-bed combustion, the use of coal and petroleum as well as coal and water mixtures, and the perfection of boiler planning and supervision. Many of these technologies should be commonly applied in industry and will also help to improve the efficiency and flexibility of electric power plants.

21. Renewed attention will have to be devoted to the development of the more efficient use of waste deriving from coal combustion. An annual consumption of

500 million t of coal, estimated for 2000, should produce at least 75 million t of waste and ash. For ecological reasons and for the sake of the more efficient use of reserves, it will be necessary to aim at greater productivity (see Paragraph 32, below).

22. Research, development, and demonstration concerning the process of converting solid fuels into liquid fuels and gas constitute a category by itself. As indicated in Paragraph 9, this sector offers the possibility of a successive opening of new coal markets. The processes in question are well known but must be perfected considerably so that we may bring about their commercial and technical development on a vast scale. In the light of current knowledge, gasification seems the more promising of the two technologies from the technical and economic viewpoint since it enables us to have range of gases with different caloric power, usable to increase the output of thermal energy in the chemical industry, in efficient combined-cycle operations in electric power plants, and for the mixed production of heat and electric energy. Liquefaction on the other hand presents more difficult technical problems and can be used only in the transportation, heating, and chemical sectors. Without further research it is impossible however to come up with a final judgement on the prospects of gasification and liquefaction.

23. It is important for the Community as a whole to play an active role in promoting the necessary technological developments to improve the prospects of coal utilization. The member states already accept the logic of a Community commitment in support of R & D in the energy sector. Aid has become necessary for R & D to improve coal output, coking techniques, and safety in mining operations by calling upon the ECSC budget. In theory, the ECSC budget could be used for the implementation of new and better methods of coal employment but in practice the mandatory spending level to be included in this budget, the need for maintaining and if possible increasing R & D expenditures to improve the productivity of the Community's mining industry (see Paragraph 40), and the impossibility of increasing the budget revenues in the current situation by imposing a tax on coal and steel produced in the Community rule this possibility out for the immediate future. The Commission therefore feels that, to promote a Community commitment in this field, it will be necessary to go into the Community's general budget. It will make specific proposals on that score.

24. Quite apart from R & D, the Commission stresses the importance that must be assigned to demonstrating the technical and commercial efficiency of new processes. Some member states demonstrated through their initiative to what extent they share the Commission's opinion on this point: The German government, for example, has launched a 5-year program on coal gasification and liquefaction with a total allocation of DM1 million (400,000 ECU). The Council took note of the importance of the Community's commitment to this effort by approving a 4-year program in support of demonstration projects for a maximum of 50 million ECU.

In 1980, the Commission proposed doubling this maximum. As for the development of the more long-range program, the Commission will submit suitable proposals during the current year. At the same time it will propose similar programs in the sectors of the new technologies involving the combustion and use of coal waste.

Research, development, and demonstration play a fundamental role in improving the prospects of coal use. In addition to the aid provided for the ECSC budget for R & D activities, to provide incentives for coal production and coking techniques and to improve mining safety, it will be necessary to resort to the general budget of the Community to work out new and better methods of using solid fuel, including lignite and peat.

The Council will soon adopt decisions for the future regarding the current community programs for demonstrations projects in the coal gasification and liquefaction sector and concerning the next proposals for similar programs involving new technologies for the combustion and use of coal waste.

(d) Looking for the Solution to Pollution Problems

25. The impact of all of the forms of energy use on the environment calls for special attention.

The production and use of coal are of course included here and present some specific problems.

The Commission is aware of these problems and ordered a specific study to be prepared on them<sup>8</sup>; this study was added to the other studies and reports prepared both by the member states and in the various international agencies.

These studies indicate that the expected consequences regarding health and environment deriving from an increase in coal use call for a certain number of measures to be adopted in order to prevent or limit pollution phenomena to which the increased use of coal will not fail to give rise.

26. The main form of pollution caused by coal burning is the emission of sulfur oxides and associated suspended particles. This pollution first of all acts upon the soil near consumption centers. It can also influence other regions in connection with the long-distance transport of such polluting materials which--in the presence of certain atmospheric conditions--can contribute to the formation of acid rain which will call for special remedial measures in the future.

27. Various steps have been adopted and applied to limit such emissions to values which are acceptable both for public health and for the environment. On the community level, this in particular involves the execution of a directive<sup>9</sup> which spells out the limiting standards for SO<sub>2</sub> and suspended particles.

28. It is up to the member states to implement this directive by adopting suitable provisions with respect to such polluting elements, in other words, to limit the quantity of sulfur and dust released from coal combustion (for example, use of coal with a limited sulfur content, application of desulfuration techniques for installation of coal washing and purifying systems).

By way of implementing this directive, the member states must survey the areas that are particularly hard hit by these emissions; they must prepare plans for the progressive reduction of pollution in these areas and they must submit their projects to the Commission.

Aware of the high cost of investments necessary for desulfuration, the Commission has tried and is still trying--through research, development, and demonstration programs--to promote the development and use of new combustion techniques, particularly the employment of fluidized-bed combustion (in this connection see Paragraph 20, above).

29. On the international level, the Community and the member states are contracting parties to the convention drafted in the context of the Economic Commission for Europe (Geneva), signed in November 1979 on across-the-border, long-distance atmospheric pollution caused by sulfur emissions.

30. Another form of pollution is the emission of CO<sub>2</sub> which springs from the combustion of all fossil fuels. Its concentration in the atmosphere and its possible effects on the temperature are not well known and are the subject of international research which must be continued. The Community is financing a portion of these research efforts in the context of the climatological research program adopted in 1980.

31. As we noted earlier in Paragraph 21, further research and development activities toward the more productive use of ash and other residues deriving from coal combustion will be a good idea here. The ash is already a part of the composition of cement and concrete and, along with other residues from coal burning, can serve as material for housing construction and highway construction as well as to fill the excavations and restore the land after strip-mining operations. The Commission will shortly take the initiative of getting the industries in the sectors involved together to work out with them the means that would be suitable for the better utilization of such waste.

32. As for the production of coal, the impact due to the opening of mines at virgin sites can be reduced whenever certain precautions are taken in advance and when the mines are correctly designed for this purpose. Preliminary studies concerning this impact, recommended by the Commission, will have to play a decisive role in this respect and in the search for the best solutions to optimize transportation, processing, and utilization of mineral waste in growing quantities.

Regarding strip mines, the initial impact is very strong but in overall terms it is only temporary. Major progress has been made in recent years in techniques designed to improve this type of mining operation and the new discoveries must be implemented systematically.

The use of coal causes certain problems in terms of protecting public health and the environment; these problems however are not as yet serious enough to cast doubt on a Community policy aimed at the increasing use of coal. But this brings up the need for the systematic adoption of suitable steps, preferably preventive steps, along with the application of available modern technologies and the development of new technologies.

The Community will watch to make sure that Community legislation in force concerning the control of SO<sub>2</sub> and particle emissions will be properly complied with and, if necessary, it will later on develop Community legislative instruments.



Through its R & D programs, in particular, the Community must continue to promote the development and demonstration of combustion techniques involving hardly any pollution and it must play a role in the area of international cooperation for the control of across-the-border pollution.

The Community and its member states will have to make major efforts:

In the sector of research, to improve the knowledge on the possible climatological effects of CO<sub>2</sub> emissions;

To upgrade the use of waste in combustion, especially flue ash;

Prior to the opening of new mines, to study the best ways of minimizing the effects of mining operations on the environment.

#### FOOTNOTES

1. COM (81) 540 def.
2. World heat output during the same period of time however rose from 2.2 million t to 2.8 million t.
3. As a result above all of the increase in the demand for coal for electric energy generation--which showed an increase of 25 percent for the AIA [Aerospace Industries Association] group and 31 percent in the Community during the period of 1973-1980. Contrary to the tendencies recorded for the boiler coal price, the coking coal price, which is usually higher, went up much more slowly so as to eliminate almost all of the price difference compared to boiler coal. An increase in the coking coal demand could revive these trends.
4. COM (81) def.
5. 762nd Council meeting.
6. GU, No L 297, 30 December 1972, p 45.
7. GU, No L 292, 16 November 1977, p 11.
8. The Environmental Impact of Future Coal Production and Use in the EFC, ERL, London, October 1981.
9. Directive 80/779/EEC of the Council, dated 5 July 1980, GU No L 229, 30 August 1980.

[28 May 82 pp 492-497]

[Text] In this issue we publish the second part of the report entitled "Coal in the Energy Strategy of the Community"; in this second phase we analyze problems connected with the supply of coal by examining the most important aspect involved in



transportation, stockpiling, strategic security, and crisis management. These points, like the preceding ones, are of fundamental importance to all those who operate in the energy sector and who carefully follow the development of markets for alternate sources which are directly competitive with petroleum.

### Coal Supply

33. As we said earlier, prospects for an increase in coal consumption in the Community over the next several years will depend heavily on the possibility of getting new and safe supply sources at competitive prices. The determination of the investors to install new combustion systems presupposes confidence in the long-term availability of supplies. Furthermore, the development of production facilities both at home and abroad, as well as treatment plants and the related infrastructure facilities (ports, railroads, maritime shipping, pipelines, etc.) will require powerful investments which would be unjustified without reasonable prospects concerning future demand.

34. The production of Community coal never agains returned to the level reached in 1973 (270 million t) in spite of the requirements approved by the Council in 1974<sup>1</sup>, calling for a return to and maintenance of this production level until 1985 under satisfactory economic conditions. But the share of domestic coal in meeting the total community need declined and the share of imported coal increased considerably.

35. In view of the current trend, the anticipated figure of 270 million t will probably not be reached and, if it is ever reached at all, that will happen only toward the end of the century. This estimate is in line with the estimate of the association of coal producers of the European Community<sup>2</sup> and casts doubt as to the usefulness of the current objective and entails the need for taking a new look at the problems and prospects of Community industry in the light of developments since 1974.

36. From this estimate we also deduce that it will be necessary over the next several years to import most of the additional coal needs in the Community which, on the basis of the indications in Paragraph 6, could be three times the current figure by the year 2000. The availability of this product on such a scale cannot be assumed automatically and the community will have to solve specific possible future problems, including the implications regarding a safe supply setup. This point is taken up in paragraphs 43-58.

#### (i) Community Coal Industry's Problems and Prospects

37. Most of the coal mined in the Community comes from deep veins and, especially for geological reasons, extraction is for the most part more expensive than in the case of coal that comes from the other side of the Atlantic. Current Community output can be broken down into three categories in terms of economic vitality and competitiveness compared to imports:

(a) Between 50 and 60 million t (20-25 percent) show a profit and can withstand competition with imported coal;

(b) Between 140 and 150 million t (60-65 percent) show an average deficit although in many cases this is only marginal. Competitiveness compared to imported coal depends both on the production cost trend (which can be improved by increasing the productivity) and on changes in the cost of imported coal (which can be particularly simply influenced by changes in the cost of the American dollar compared to the currencies of the Community's countries);

(c) 40 million t (15 percent) show a definite deficit and are not competitive with production costs which exceed the cost of imported coal by 100 percent.

38. It would be impossible to maintain the deficit facilities without the assistance systems worked out in all coal-producing Community countries. In spite of the great increase in imported coal prices over the past 7 years, the cost of this assistance has tripled in nominal terms and was doubled in real terms, rising from 1,350 million ECU in 1975 to 3,844 million ECU in 1981, in other words, 5 ECU per ton in 1975 (or 15 percent of the total sales proceeds) and 16 ECU per ton in 1981 (or 23 percent of the total sales proceeds). The member states involved consider it increasingly difficult to finance such support payments, especially at times when there is ever greater pressure on government budgets.

39. The participation of the member states has a twin objective: First of all, a social objective in terms of maintaining employment often in regions where coal production, along with the steel industry, is rather heavily depressed and represents the principal economic activity and where the possibilities of redistributing the labor force are very limited<sup>3</sup>. Second, there is an energy policy objective connected with the maintenance of the output capacities at least at existing levels. The cost of maintaining such a capacity can be considered as a contribution made by society as a whole in each of the countries involved toward greater security in terms of supplies which domestic production should provide and toward a guarantee against the particularly negative developments in prices on the world market.

40. There are four main possibilities for improving the general situation of this industry and to reduce the ever-growing costs of this contribution made by society. Inevitably, however, the ever-growing modernization of industry, to which these costs contribute, will have implications on the total number of employed persons<sup>4</sup>; the member states and the Community will have to examine these consequences with particular attention under the provisions of the ECSC Treaty.

(i) Broader application of modern technologies in certain parts of industries where it can probably produce positive results (the facilities described in Paragraph 37, letter b). The application of major improvements however is limited by the high degree of mechanization already found in mining although there is still a certain permanent modernization potential in some sectors up-line and down-line from the vein.

(ii) Increase in the rate of plant utilization. The current average plant utilization rate, particularly at the vein, is about 20-30 percent of the theoretical potential<sup>5</sup>. This is a very low rate which considerably reduces the yield of invested capital. There are various reasons for this: in particular, the poor reliability of the plants as such, supervision and control difficulties in operations at the vein, technical and organizational problems outside the vein which have a direct impact on work at the vein. Experience shows that, although these problems can be solved, it is already possible to achieve a utilization rate in excess of 40 percent.

(iii) Improvements in available technology. Productivity can be improved in long-range terms by the results of research and development on key elements of whole production processes, particularly research and development pertaining to some of the causes which are behind the problem of the very low plant utilization rates at the vein by applying new remote-control and computerized operations systems.

The ECSC budget directly financed Community participation in support of research and development aimed at more efficient coal production. It is necessary to continue this support but, in view of the restrictions mentioned in Paragraph 23, the large funds available must be compensated on applied research, on the promotion of new promising technologies, and on techniques which seem suitable for more general application. This is the only way they can make a rapid contribution to an increase in productivity<sup>6</sup>.

(iv) Further rationalization of the industrial structure. The Community must face a harsh reality: many of its mines will never again reach a sufficient productivity level to make the operation at least marginally profitable or competitive as compared to what is happening beyond the borders, regardless of the modernization of the technology or the efficiency achieved in the employment of that technology itself. The rate at which new producing mines can be opened up as well as the "soundness" of the Community's improved mining industry will be tied to the pace at which mines running in the red are closed down.

This process has already been carried out for a short time. Right now, the Community's industry is expecting to have about 10-20 million t of new profitable facilities going over the next 10 years.

41. The ever greater mechanization of the existing pits, the development of new extraction technologies, and the opening of new producing mines are very costly. In 1981, Community investments in the mining industry came to 1.8 billion ECU and that figure, in real terms, will go up over the next several years if we want to achieve major progress so as to improve the entire industry's structure and vitality. The pertinent financing will be obtained only to a minor degree from the industry's own funds; the annual financial situation constitutes a considerable drawback at the same time to the capacity of the industries to carry an ever heavier burden of interest that must be paid and capital that must be reconstituted to finance the loans.

42. The industry therefore really runs the risk of no longer being able to break the vicious circle in which the average productivity level springing from the maintenance of uneconomical operations restricts the financing capacity of the industry when it comes to making the necessary improvements so as to be able to work on a sounder general financial level. It is therefore very important for the member states, to the extent possible, to concentrate timely support measures on modernization and implementation processes.

In this connection we must recall that the 1974 objectives<sup>7</sup> had to do with the maintenance of Community coal output effort on a constant level only "under satisfactory economic conditions." The same indication is repeated in Decision 528/76/ECSC of the Commission pertaining to the aid to be allocated to the coal industries. The Commission for its part intends to continue the earlier practice in limiting such Community support, if available, (particularly, ECSC loans, to a limited degree at preferred interest rates; see Appendix 5) to investments in profitable facilities or those which currently are extramarginal and non-profitable.

The Community's coal output offers various advantages compared to imported coal in terms of safe supply and assurance against the risk of negative price developments on the world market. The call for a sound Community industry is in the interest of the consumers and the workers in the industry itself. It is possible to improve the prospects through further amortizations [as published; modernization] and rationalizations with the progressive closing of non-profitable pits and the opening of new, more efficient producing facilities.

The Commission intends to continue to the extent possible to channel Community aid to support the objectives of modernization and rationalization. It will also continue to assume its own responsibilities in the sector of retraining the workers in this industry and in particular taking care of any new problem of a social nature which might come up by heavily resorting to the provisions of Article 56 of the ECSC Treaty. The industry's long-term position should improve through a concentration on national measures to support and promote structural modifications and productivity improvements.

An important element will consist of the aid given for research and development under the ECSC budget which will make it possible to improve the technology of coal production in long-range terms. This aid must be continued and if possible boosted.

#### (ii) Implications of Coal Import Increases

##### Development of Relations with Suppliers

43. Table 2 (Paragraph 34) shows that most of the Community coal imports come from industrialized countries (especially the United States of America, South Africa, Australia, and Canada) with about 23 percent from Poland and the USSR, together, and a negligible part--at least for the moment--from the developing countries. The industrialized countries will probably remain the chief sources of international coal exports and the principal suppliers of the Community in the near future<sup>8</sup>. The exploitable reserves of the countries mentioned are

sufficient to meet the foreseeable needs for imports; in most cases it will furthermore be possible to come up with an additional production capacity and with the necessary infrastructure facilities in a relatively short time and at reasonable costs. Many suppliers should be joining the world market in long-range terms. In spite of that, it is necessary in particular to see to the solution of potential problems which can influence the rate of harmonious development in this commercial sector (see paragraphs 44 and 45). Right now, there is particular uncertainty as to whether Poland and the USSR will be able to maintain their own share of the community market. Next we will separately examine (see paragraphs 46 and 47) the prospects for an increase in the role which the developing countries must play.

Table 2. Structure of Community Coal Supplies, 1973 and 1980

	1973		1980	
	Milioni (13) di t	In %	Milioni (13) di t	In %
(4) Produzione comunitaria	270	90	247 <sup>(1)</sup>	77
(5) Importazioni di carbone:	30	10	74	23
(6) di cui				
(7) Paesi industrializzati	(14)	4,7	(57)	17,7
(8) Paesi ad economia pianificata e centralizzata <sup>(2)</sup>	(16)	5,3	(17)	5,3
(9) Paesi in via di sviluppo (PVS)	(0)	—	(0)	—
(10) Totale delle forniture disponibili	300	100	321	100
(11) Variazione delle scorte <sup>(3)</sup>	+ 10	—	- 7	—
(12) Consumo interno lordo	310	—	314	—

(1) Cifra provvisoria per il 1981 = 245 milioni di t.

(2) Soprattutto Polonia. Nel 1976 le importazioni in provenienza dalla Polonia sono aumentate a 16 milioni di t, ma sono scese a 13,7 milioni di t nel 1980 ed a 4,8 nel 1981.

(3) + = prelievo dalle scorte;

- = aggiunta alle scorte.

Key: (1) Provisional figure for 1981 = 245 million t; (2) Above all, Poland; in 1976, imports from Poland increased to 16 million t but they dropped to 13.7 million t in 1980 and 4.8 million t in 1981; (3) + = drawing on stockpiles; - = additions to stockpile; 4--Community output; 5--Coal imports; 6--Including; 7--Industrialized countries; 8--Countries with planned and centralized economy (2); 9--Developing countries (PVS [developing countries]); 10--Total available supplies; 11--Variations in stockpiles (3); 12--Gross domestic consumption; 13--Millions of t.

#### (a) Principal Coal Exporters

44. In 1980, the principal coal exporters of the industrialized world together exported about 165 million t of coal, worldwide<sup>8</sup>; the Community is the biggest importer of international coal. Since most of the relative increase in the demand for Community imports will probably come from those countries, there are three points to be examined here:

(i) Are the producing industries making the necessary investments in new production capacities and in pertinent infrastructure facilities for transportation and movement?

The chief exporting countries have major investment plans both for coal production capacities and for the necessary related accessory facilities. But the increase in capacities cannot be accomplished overnight; the opening of a new mine, even if it is only a strip mine, requires several years and the time factor is particularly important when it is necessary then to start mining operations in areas not worked previously.

For the moment the possible role of nondomestic capital and in particular capital coming from the Community for the financing of the necessary investments is uncertain; both Canada and Australia have taken steps to control the investments made by foreign companies and if the participation of foreign capital is made to depend on special authorizations, that could cause delays in the investment program.

The participation of Community enterprises in contributing to the financing of the exploitation of foreign supply sources (joint operations) would however make it possible to boost trade relations and to guarantee a continuation of production which would be made available for exports to the Community. The Commission therefore underscores the timeliness and the necessity of concluding a larger number of long-term importing contracts so as to give the suppliers greater confidence concerning the market's future prospects. Regarding joint operations, it would be possible to use Community loans in support of some types of investments under special conditions.

(ii) Is there a risk of price and supply manipulations by the coal exporting companies?

It has been argued that the ever greater concentration of reserves and production capacities in the hands of a limited number of multinational companies --in the way this is happening with many petroleum companies--could possibly lead to the creation of an international cartel of coal exporters. The Commission believes that this risk is limited by the interplay of the natural forces of competition, by the flexible and diversified structure of the international coal market (considering the large number of supplier countries and companies), and due to current antitrust legislation in the chief coal exporting countries. We must however keep an eye on possible future developments which would constitute an important element in the discussion of contracts between the Community and the governments of the supplier countries (Paragraph 45).

(iii) Policies of Exporting Countries in Context of International Coal Trade

There are various ways in which the governments of the exporting countries exercise control both over prices and over supplies. Some countries (for example, Australia) have imposed export taxes; others (Canada, Australia, and South Africa) are implementing measures which effectively limit the volume available for export or they control foreign investments. For the time being, these policies have not had a significant effect.

However, an extension of such measures could have more serious consequences, particularly in case of an increase in the worldwide coal demand.

Since it is the world's main trade partner and the chief coal importer, the Community is vitally interested in the promotion of free trade in this product. The Commission underscores the importance of international commitments already undertaken in this context within the IEA [International Energy Agency] and on the occasion of the meeting of the principal industrialized countries in the framework of Western economic summits. During the 21-22 May 1979 meeting, the decision-making body of the IEA approved a series of action principles in the coal sector, including measures in the area of international trade, particularly in the following terms:

The IEA countries, as producers and consumers, will facilitate the expansion of international coal trade on a basis which will make it possible to encourage the development of stable relationships between consumers and producers under fair, reasonable, and competitive conditions, especially through long-term contracts. They will work toward the creation of an economic and tax climate promoting investments which would lead to the development of production, trade, and employment of coal as provided for in the current IEA action principles for coal<sup>9</sup>.

During the June 1980 Venice summit, the representatives of the Seven, together with the Community, pledged themselves to increase the output and use of coal so as to encourage long-term contracts between exporters and importers and to improve the support facilities necessary for broader worldwide coal trade<sup>10</sup>.

These commitments specifically are applied both to the importing countries, including those of the Community, and the exporting countries. The Commission feels that the member states should take this fully into account in determining their own policies.

45. All of these points must be examined in greater depth in appropriate international bodies and on the bilateral level with the countries concerned. The Community already has trusting relationships with many of them and has an institutional organization for regular consultations on matters of special interest. It is important to make sure that the arguments concerning coal trade become one of the important aspects of regular consultations between them and the Community.

The promotion of free international coal trade is of vital interest to the Community. In this context, the Commission calls attention to the commitments undertaken for the promotion of international coal trade which were signed by the principal exporting and importing countries.

Table 3. Coal Reserves and Output in Developing Countries

(1)	Paese	(2) Stima delle riserve estraibili in milioni di t	(3) Produzione 1980 in milioni di t
	<i>Asia</i>		
(4)	Cina	99 000	606,0
	India	12 600	107,8
	Indonesia	1 430	0,3
	<i>Africa</i>		
	Botswana	3 500	0,4
(5)	Mozambico	240	0,5
	Swaziland	1 820	0,2
	Zambia	40	0,6
	Zimbabwe	755	3,1
	<i>America</i>		
	Colombia	1 010	4,5
(6)	Messico	1 200	7,1

Key: 1--Country; 2--Estimate of minable reserves in millions of t; 3--1980 output in millions of t; 4--China; 5--Mozambique; 6--Mexico.

(b) Developing Countries

46. As far as we know now, the following countries have sufficient reserves, at least in theory, to support the development of major exports to the world market.

Some of them, in particular Colombia and Zimbabwe, currently have projects for the development of their own reserves and have shown real interest in the possibility of exporting to the world market. However, the development rate of the coal industry in the developing countries depends to a great extent on the availability of investment capital both for extraction operations as such and for the improvement of the infrastructure (especially ports and railroads).

47. The availability of exports from the developing countries is probably limited in the near future. This means that their total contribution to the supply of the Community will continue to remain limited although it will represent a step toward diversification. The Community however has an important role to play in providing technical and financial assistance for the development of their coal industries. Various efforts were undertaken in the coal sector of the ACP [African, Caribbean, and Pacific countries] in accordance with Lome II and they should be expanded and completed by timely efforts for the nonassociated developing countries. It is necessary to find possibilities of intensifying relations both with the associated countries and with the nonassociated countries for training, promotion of technology transfer, and equipment supply so as to permit them to derive greater benefits from the more profound experience and technical knowledge available in the Community for the operation of the mines.



## Need for Consultations within Community

48. As the world coal market grows, it will become ever more complex because of the ever-growing number of companies, countries, and organizations involved in production and transportation as well as commercial activities. In view of the prospects for the Community's ever greater dependence on this market, there will also be a greater internal need within the Community for more precise information pertaining to market development. This information is essential if we want to make sure that the Community's importers will be able to supply their clients with the most economical and most secure services and if we want to avoid the risk of useless market pressures when supply difficulties arise or when such difficulties threaten.

49. The Community has already had an opportunity to find this out for itself, rather bitterly, in the form of the developments on the world coal market in 1980-1981, watching the difficulties that can arise in the absence of timely and widespread information on real market trends. Following the decline in Polish exports and a probable miners' strike in the United States, we witnessed an unexpected concentration of an additional demand addressed to the United States suppliers. The latter were able to supply the quantities requested but the result was the overcrowding of ports on the United States east coast. By virtue of the transportation agreement in force, the Community's importers were forced to pay stiff demurrage fees in the ports and these considerably increased the cost of coal supplied. Others increased their own prices by an equivalent amount. The world coal price rise--whose direct burden to the Community came to something like \$500 million for 1981--could have been avoided at least to a great extent with the help of better understanding on both sides, better, that is, than the understanding that was displayed.

50. Other important importing countries (for example, Japan) have already worked out agreements on consultation with major enterprises. The Commission feels that the Community should adopt such provisions to guarantee the timely exchange of information pertaining to short-term and long-term market trends and a joint examination of any action that may be necessary. This procedure would be in addition to flexible agreements which already exist for example in the case of petroleum. It would have to be so organized as to avoid risks of competition restrictions although such risks are rather limited in practice.

To permit the improvement of general knowledge on market trends and to reduce the risk of useless market tensions at moments of feared or real supply shortages, the Commission feels that it would be desirable for the European companies, which are interested in supplying coal, to arrange timely measures (for example, the creation of a professional association) for a regular exchange of information on short-term market developments, on long-term prospects dealing with possible problems and possible solutions. Such agreements could facilitate the launching of specific efforts to solve problems once they have been identified, keeping in mind the rules of competition and making provision for the possibility of presenting suggestions to the Commission<sup>11</sup> for actions that may possibly be necessary on the Community level.

## Imported Coal Transportation

51. The transport of substantially larger quantities of imported coal within the Community will require some improvements in current Community infrastructure facilities:

It will be necessary to expand some port facilities and to build new ones to receive larger vessels, to arrange much larger storage areas, and to increase the number of coal processing plants<sup>12</sup>;

The current Community railroad infrastructure should as a whole be able to absorb the probable traffic increase; new investments will be necessary in sectors where we expect a concentration of consumption; there will be a greater demand for special rolling stock suitable for carrying coal and complete trains capable of transporting up to 3,000 t will have to be placed in service, compared to the current 1,650 t, to optimize the efficiency of railroad operations;

Inland navigable waterways will have to have a sufficient capacity to handle the expected traffic volume so that the modernization of loading and unloading equipment as well as the entire fleet may go forward.

52. The investments will have to be considerable in countries which do not have their own coal production. In some cases it will be necessary to finance public investments in port facilities and in the domestic transportation network. For such investments however it will be possible to resort to loans from the NSI [expansion unknown], the EIB, and the ECSC.

In the less prosperous Community countries, which to all intents and purposes participate in the EMS, it will also be possible to obtain interest discounts from the NSC [expansion unknown] and the EIB.

Investments designed to increase the capacity and flexibility of the coal transportation system will also have to be supported by Community aid proposed for transportation facilities under the reorganization project already forwarded to the Council<sup>13</sup>.

The transportation of a larger volume of imported coal within the Community will not require a radical transformation of the existing Community infrastructure and substantial investments in some countries.

The structural investments in this sector will have to continue to benefit from the Community aid instrument and from the interest discounts provided for under the EMS for those countries which request them.

The investments in the infrastructure of this sector will have to continue to get the benefit of Community assistance in the matter of loans and in the form of interest discounts within the EMS for those countries which have been allowed to benefit from such systems.

## Strategic Security

53. Prospects for a considerable increase in the volume of imports to meet the Community's coal consumption requirements (rising from 23 percent in 1980 to 45 percent or more in 2000) inevitably will raise the problem of secure supplies.

One of the best guarantees in this connection is the diversification of sources, both in terms of countries and in terms of companies. As we discussed earlier (Paragraph 44i), security can be further increased through long-term contracts. If however we want to address the problem seriously on the Community level, we must pay attention to the policy of establishing stockpiles and we must figure out whether current management procedures in case of crisis are adequate if a certain supply shortage should persist.

In examining these two aspects, the Community will have to adopt a position coherent with the position decided upon in the case of petroleum and natural gas, in other words, two sectors where similar problems arise. In this context we might also raise the question of the better exploitation of the Community's coal deposits.

### (a) Stockpiles

54. At the end of 1981, the Community's coal stockpiles (strategic, commercial and operating) came to 110 million tons, roughly equivalent to an average of 120 days of consumption in 1981 but with wide variations from one member state to the next (between 25 and 310 days). A large portion of these stockpiles are of the commercial type, managed and financed by interested enterprises, with 40 million t at the power plants and 45 million t at the coal producers themselves. The only strategic stockpiles are those constituted by the German national reserves (10 billion t [as published]), financed and managed in the name of the German government.

55. The only Community legislative provision concerning coal stockpiles is the obligation of electric power producers to have fossil fuel stockpiles for an equivalent of 30 days of consumption<sup>14</sup>.

56. The higher the stockpile levels are and the closer they are to the consumers, the more secure are the supplies and the less is the risk of a disturbance in economic activities. Some technical considerations however are necessary on the rates of stockpile decline. Here there is also a price to be paid and the problem is to figure out who (taxpayer or consumer) should pay the price for the degree of security provided by the stockpiles. The moment has come to consider all these points on the Community level. The Commission urges the member states to declare themselves in agreement on the advisability of a Community-level study dealing with the adequacy of current stockpile levels, the need for having strategic stockpiles, and the financing and management of coal stockpiles. To be effective, such a study calls for close consultation between the Commission and the member states.

## (b) Crisis Management

57. Until such time as the Community stockpile levels are what they should be, it is unlikely that any possible supply shortages of limited duration might create serious quantitative difficulties. The development of the previously described consultation process (Paragraph 50) should also reduce the risk that these limited shortages might have repercussions on prices.

58. It is furthermore extremely unlikely that there would be a crisis in view of the diversity of potential supply sources. Such a risk can be further reduced if the stockpiles are maintained at a level in keeping with this possibility. However, in view of the difficulties that might spring from such situations, the least we can do is to examine the adequacy of the current management structure in case of crisis.

Article 59 of the ECSC Treaty to a certain degree gives the Commission the power to redistribute Community coal among the member states in case of a serious supply shortage. The implementation of this article--which has not yet been applied in practice--however raises some practical difficulties. For example, it does not consider the possibility of the Community's serious dependence on imported coal. Likewise, there are no clear criteria for the operation of the redistribution system. A serious and persistent coal supply shortage--although unlikely--could cause enormous difficulties. The Commission therefore proposes to examine in detail whether the current provisions for crisis management, contained in Article 59 of the ECSC Treaty, are inadequate to cope with the current situation and whether new provisions would have to be drafted.

## FOOTNOTES

1. Council Resolution of 17 December 1974, GU, No C 153, dated 9 July 1973.
2. Western Europe's New Coal Economy, CEPCEO, November 1981.
3. At this time, about 500,000 are employed directly in the Community's mining industry. Together with the connected and dependent industries (commerce, transportation, mining equipment, processing, etc.), the coal industry as a whole provides jobs for at least a million persons.
4. In this context, it is necessary to recall that the coal industry's wage cost averages 60 percent of the total cost. Since 1973, miners' wages rose an average of 3-4 percent per year in real terms, in other words, roughly equal to the average of the industry's total costs; the industry's future wage cost structure will depend on the interaction between the improvement of productivity and the development of the total wage cost.
5. Starting with the assumption of using 24 out of every 24 hours or 365 days per year.
6. This idea would have to be used for community support for R & D, for better coke-making techniques, and for health protection and safety in the mines.

7. Council Resolution of 17 December 1974, GU No C 153, 9 July 1975, p 4.
8. The relative distances between Europe's individual main suppliers naturally will contribute to the determination of the reciprocal balances; United States: 7,500 km (12 sailing days); South Africa: 11,500 km (19 sailing days); Canada: 15,000 km (25 sailing days); Australia: 22,000 km (35 sailing days).
9. IEA [International Energy Agency], 79, 15, 22 May 1979, Paragraph 22.
10. Declaration on the economic topics of countries participating in the Western economic summit in Venice, 22-23 June 1980.
11. Article 46, ECSC Treaty.
12. The final phases of imported coal processing (sifting, crushing, mixing) can be handled at the port of departure as well as at the port of destination. In practice, a considerable share of imported coal would have to be processed at the moment it enters the community.
13. COM (76), 336 def.
14. Directive 75/339/EEC, dated 20 May 1975, GU No L 153, 13 June 1975.  
[4 June 82 pp 513-517]

[Text] We now conclude our publication on "Coal in the Community's Energy Strategy" by proposing a series of program guidelines which the Commission intends to address itself to in the future. The Council's draft recommendation to the member states, contained in this third part of the report, represents a valid indication on the energy directions which the EEC countries will certainly have to pursue in the future.

## Conclusions

On the basis of what we have said so far, the Commission hopes that the Council will not only positively consider the proposals on coal formulated in this report on investments in the sector of efficient energy utilization but that it will also adopt the following conclusions:

- (a) Vigorously reaffirm the need for speeding up the process of replacing petroleum with coal;
- (b) Sustain the objective of improving clarity on coal prices as a way to attain this purpose;
- (c) Approve the recommendations drafted by the Council for the member states with the intention of persuading them to make investments to convert or re-convert to coal the oil-fired power plants in the nonspecialized industry, systems for district heating (particularly those with combined heat and electric energy production), and the installations in public buildings;

(d) Approve the principle of a Community research and development program on new and better methods of using coal, to be financed from the Community's general budget;

(e) Take note that the Commission intends to submit proposals concerning the future of current Community demonstration programs in the coal gasification and liquefaction technology sector and submit similar programs in the sector of coal combustion technologies and in the sector of coal-containing waste utilization;

(f) Agree that there are no reasons of ecological nature to restrict the increased use of coal in the Community; that does not eliminate the need for continuing to develop effective control over emissions and waste to conduct the necessary research on the Community level and on the national level.

(g) Agree that it is necessary to continue and concentrate Community financial instruments in support of the coal industry of the EEC on investments in economical or currently extramarginal, nonprofitable facilities;

(h) Reaffirm its commitment actively to promote international coal trade and at the same time to develop a continuous dialogue with the governments of the main exporting countries and to support the effort to boost the mining industries of the developing countries;

(i) To promote the conclusion, on the community level, of consultation agreements between European companies active in the coal trade to promote an exchange of opinions on market prospects, on problems, and on their possible solutions;

(j) Recognize the useful role which can be played by Community financial instruments in supporting investments in the infrastructure required to cope with the increase in commercial activities in the coal sector;

(k) In the light of the Community's growing dependence on outside coal supply sources, agree on the need for the Community, in consultation with the member states, to conduct a study on current stockpile establishment policies and on procedures to cope with any serious shortage of this fuel.

#### Appendix 1a

Council draft recommendation to member states concerning steps to be taken to promote investments in coal-burning plants in nonspecialized industry.

The Council of the European Communities

Whereas the treaty which establishes the EEC,

Whereas the Commission's draft,

Whereas the opinion of the European Parliament,

Whereas the report from the Commission concerning the coal situation in the context of Community energy strategy,

Whereas economic activities in the Community are obstructed by special restrictions imposed by the considerable volume of oil imports and by the attendant uncertainties concerning supplies and prices;

Whereas even a slight resumption in economic activities in the industrialized countries, along with a foreseeable increase in oil requirements throughout the rest of the world, is destined to accentuate such restrictions;

Whereas energy policies must first of all bring the structural changes needed to attain, among other things, a more secure energy supply level;

Whereas such changes can be obtained only by boosting the contribution from alternate energy sources and particularly from coal;

Whereas as the "nonspecialized industry" uses heat both for industrial processes and for heating and lends itself particularly well for the replacement of oil with coal;

Whereas, in spite of the advantages of current coal prices compared to oil prices, the process of substitution has been started slowly for economic and environmental reasons; whereas the main causes are to be found in the following:

In the generally very high investment costs involved in conversion and in the high and unstable interest rates;

In the lack of experience on the use of this fuel, particularly in those countries which do not have a coal industry;

In the uncertainty as to the effects of environmental protection provisions;

Whereas the member states should promote investments in the conversion sector, given their importance in economic activities and the specific character of some of them;

Whereas the member states should commit themselves by common agreement to implement a series of effective measures to overcome these difficulties,

Hereby drafts the following recommendations addressed to the member states:

1. It is necessary to take all measures liable to encourage enterprises in all branches of industry--with the exception of the steel industry and the energy sector--in particular the private electric power producing companies, to invest in the conversion or reconversion of plants currently burning oil to plants that will burn coal.
2. The measures taken to implement this recommendation are to be reported to the Commission by the end of each year.

## Appendix 1b

Council draft recommendation to member states concerning promotion of investments for reconversion to coal or coke of boilers burning oil in public buildings and district heating plants.

The Council of the European Communities

Whereas the treaty establishing the EEC,

Whereas the Commission's program,

Whereas the opinion of the European Parliament,

Whereas the Commission's report concerning the coal situation in the context of Community energy strategy,

Whereas economic activities in the Community are obstructed by the special restrictions imposed by the considerable volume of oil imports and by the attendant uncertainty regarding supplies and prices;

Whereas even a slight resumption in economic activities in the industrialized countries, together with the foreseeable increase in the petroleum need in the rest of the world, is destined to accentuate such restrictions;

Whereas energy policies should above all lead to structural changes required to attain, among other things, a safer level of energy supply; whereas such changes can be obtained only by boosting the contribution from alternate energies and in particular from coal and coke;

Whereas public buildings and district heating plants lend themselves particularly well to the substitution of oil with coal and coke;

Whereas--in spite of the advantages of the current coal price compared to that of oil--the process of substitution has been started up slowly for economic and environmental reasons; whereas the main causes are to be found in the following:

In the generally high investment costs for conversion and in the high and unstable interest rates;

In the lack of experience on the use of this fuel, particularly in those countries which do have a coal industry [as published];

In the uncertainty as to the effects of environmental protection provisions;

Whereas the member states should promote investments in the conversion sector, given their importance to economic activities and the specific character of some of them;



Whereas the member states should pledge themselves by common agreement to implement a series of effective measures to overcome these difficulties;

Hereby drafts the following recommendations for the member states

1. It is necessary to take all measures suitable for promoting the conversion or reconversion to coal or coke of oil-burning plants in public buildings (government buildings, military barracks, schools, etc.) and in the district heating plants.
2. The measures taken to implement this recommendation shall be reported to the Commission by the end of each year.

## Appendix 2. Main Features of Coal Market

### 1. Solid Mineral Fuel Coal

Coal as fuel is less convenient than natural gas or industrial oil [naphtha]. At equal weight, its calorific power represents about 50-75 percent of that of petroleum; furthermore, since it is solid, it is more difficult to handle and to transport. Coal, such as it is taken out of the mine, contains impurities (shale) which must be separated and which in general represent a considerable volume of material to be processed at the mine (dumping). Coal burning produces ash to the extent of 15-20 percent by weight of the initial charge which must be collected.

As in any other untreated material, the chemical and physical characteristics of coal vary according to its origin and can sometimes prevent it from being used in the raw state. Various techniques (mechanical preparation, mixing, addition of additives, carbonization, etc.) make it possible to get products with optimum characteristics from the aspect of yield and price for a given use in a given plant. We must therefore consider not only "coal" but "coals."

The coal producer in general cleans and prepares the mineral, at least partly. Supplementary treatment can take place especially in the case of coal of marine origin in plants located near the loading or unloading port or near the consumer centers inland. These operations are more worthwhile in view of the increase in the demand and the possible need to resort to lower-quality coal with widely differing characteristics to guarantee the broader utilization of the worldwide market; ever larger quantities of these coal types will have to be properly prepared to be burned in thermoelectric power plant for which relatively stable products are required (see Paragraph 52).

### 2. Coking Coal and Boiler Coal

Coal can be used in two ways: as a product to be transformed into coke or, without transformation, as a fuel to produce heat or steam.

Between 1979 and 1982, the tendencies that characterized the way coal was used on the world market for these two purposes can be summarized as follows<sup>1</sup>:

	(Millions of metric t)	
	1979	1982 (estimates)
Coking coal	127	140 (+ 10%)
Boiler coal	102	131 (+ 28%)

These data in particular show with what intensity the use of coal for heat generation has developed worldwide.

The corresponding data pertaining to Community imports are as follows<sup>1</sup>:

Coking coal 30 30 (+ 0%)  
Boiler coal 48 58 (+ 21%)

The share of Community coal in each of the two sectors is 70-75 percent.

Coking coals are generally better than boiler coals. They however require more complex preparation and charging plants and accurate supply planning since they can lose their essential characteristics, above all due to oxidation, if they are stored for an excessively long period of time.

Boiler coal on the other hand can generally remain unused for longer periods of time in even larger stockpiles although certain precautions must be taken; here the supply rhythm can also be less regular.

The supply of these two types of coal is sometimes handled by the same group of suppliers or through the same loading ports; the importers should enter into timely agreements to avoid finding themselves in an unfavorable situation, for example, as a result of unexpected increases in the price for both categories of consumers (see Paragraph 50).

### 3. Operators and Orders

From this angle, there are no major differences between coking coal and boiler coal.

#### (a) Operators

The biggest producers and users in general are able directly to deal either on the Community market or on the world market.

Small and medium users (nonspecialized industry, services, etc.) on the other hand do not have direct access to Community production or imported coal. They depend on companies which are involved in distribution and they are often likewise small or medium in size; they play an essential role in the growing use of coal in the above-mentioned sectors. It is however necessary to encourage them to supply their own customers with coal and related services at competitive prices.

## (b) Orders

To reduce concern on the matter of diversification, mobility, and reliability, the buyer usually combines orders of varying duration--short-range, medium-range, and long-range--with other buyers. Many orders are renewed as they expire. The quantitative flexibility thus obtained generally makes it possible to adjust to changes in the situation. The buyer can also meet his needs on very short notice by means of "spot" orders which however cover a relatively modest portion of the market.

The producers in third countries are always more inclined to subordinate the development of new production capacities to the preventive conclusion of a sufficient volume of long-term orders.

Increased European interest in the coal production of the third countries should lead to a corresponding increase in the long-term commitment to meet Community needs while at the same time safeguarding the necessary commercial flexibility.

## Appendix 4

### Average Cost of Coal Production in Community 1st Half of 1981

(1) Paese	(2) Valuta nazionale	ECU/t	(3) USD/t
(4) Germania	DM 208,—	81,48	95,76
(5) Belgio	FB 4 238,—	102,07	119,97
(6) Francia	FF 468,—	77,89	91,55
(7) Gran Bretagna	UKL 41,6	77,70	91,40

Key: 1--Country; 2--National currency; 3--\$; 4--Germany; 5--Belgium; 6--France; 7--Great Britain.

## Appendix 5. Overview of Measures in Force

### 1. Measures in Support of Community Coal

Current coal policy provisions essentially involve the coal-producing member states both regarding national measures and the primary actions taken by the Community.

The Community measures involve allocations for investments (Article 54, ECSC Treaty), aid to research (Article 55), social problems (Article 56), and assistance for coking coal intended for the steel industry sector.

The objectives at which the national provisions are aimed are in general the same in all member states, that is, in the final analysis to stabilize production, to guarantee sales, and to ensure jobs.

Concerning the financial burdens which the member states involved must bear as coal producers, the Community's expenditures for this fuel are relatively modest. As a result of the limitation on Community budget allocations, the solution to the problem of subsidies is to a great extent to be found on the national level. By virtue of the provisions of Decision No 528/76 ECSC, the Commission's only role is to make sure that aid is not excessive and that there will be no disturbance in competition between coal producers.

There has been a special system for coking coal and for coke of Community origin, intended for the Community's steel industry, since 1967. This system, based on Article 95, involves the following three sectors:

Control over national aid granted by the member states for coking coal production;

Financing of Community aid for sales in the context of intra-Community trade;

Alignment norms based on an indicative price.

This system is applicable until 31 December 1983<sup>2</sup>.

We should really begin to think right now about the advisability of retaining this system even after the expiration of the date indicated and we should also think about possible methods of application.

## 2. Measures Concerning Imports

The standards in force in the matter of imports can be summarized as follows:

### Belgium:

Imports are subjected to licensing and could be made to depend on quotas on the basis of ministerial decisions.

### Germany:

A federal law, which took effect in 1980 and which runs for 15 years, profoundly altered the old quota system. The quota--on the order of 16 million t for 1981--could reach and exceed 39 million t after 1987.

### France:

The administration determines the quotas accompanied by licenses. A public agency (ATIC [expansion unknown]) is charged with purchasing and transportation.

United Kingdom:

The general free import licensing system has been expanded by the addition of standards which limit imports to the degree strickly necessary (special grades).

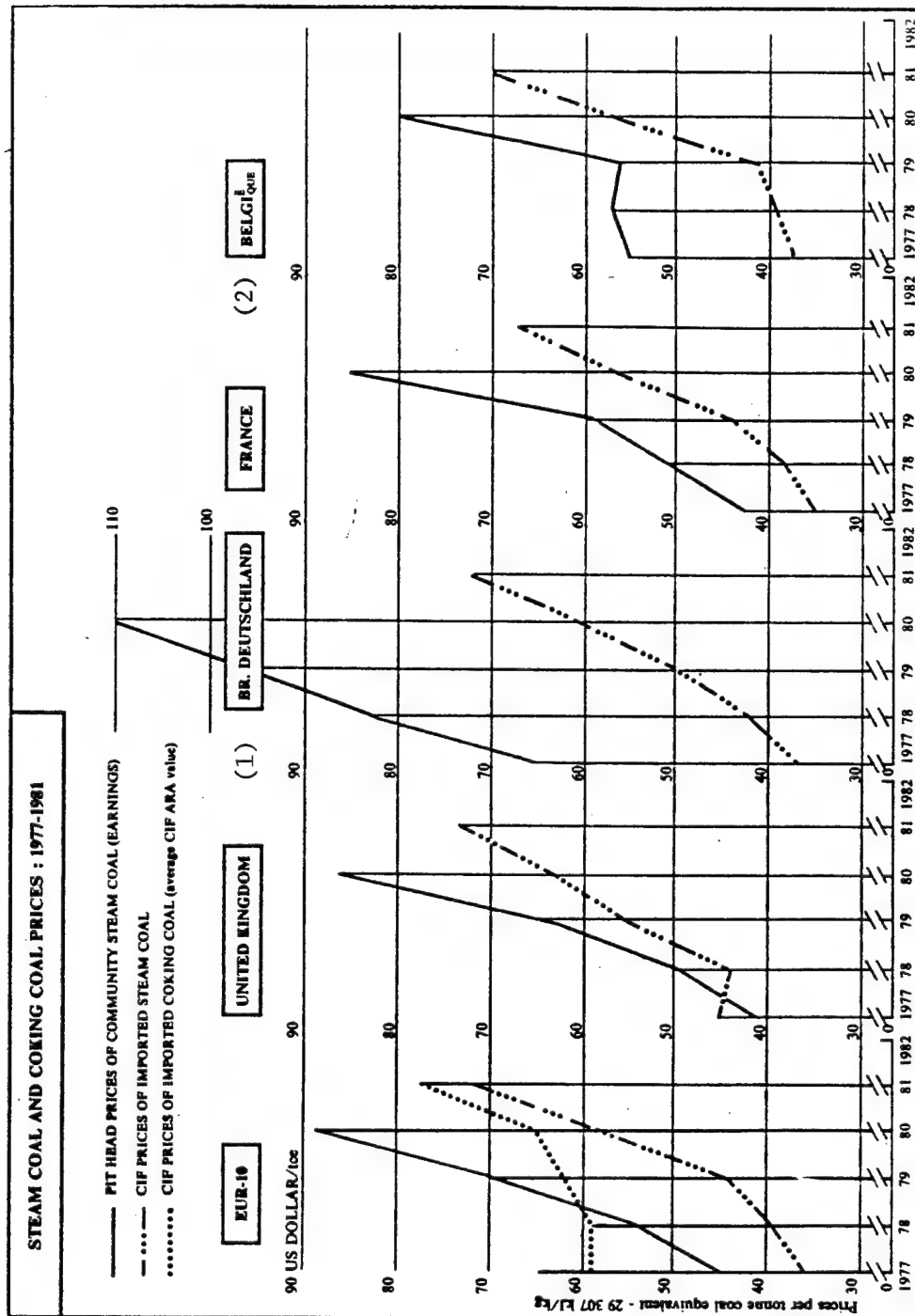
Nonproducing countries do not apply any restrictions on imports from third countries.

Financial Assistance for Current Coal Production in 1981

	Total imports (million ECU)	Amount per ton of output (ECU)
Belgium	281.6	46.16
FRG	1,162.3(1)	12.42(1)
France	404.2	23.10
United Kingdom	845.7	6.77

(1) Excluding aid allocated on the basis of the "3rd Law on the Use of Coal for Current Generation."

# Appendix 3



Key: 1--FRG 2--Belgium

#### FOOTNOTES

1. In both cases it is necessary to consider intra-Community trade which is important above all in the case of coking coal.
2. See Decision 73/287/ECSC, GU No C 36, 13 February 1980 p 2.

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CSO: 3104/229

## DIFFICULT SITUATION OF TRADE UNION FEDERATION

Brussels LE SOIR in French 22/23, 24, 25 May 82

[Article by V.d.d.: "The FGFB Uneasy: Its Solidarity Is Crumbling, Its Structures Are Slackening; Difficult Adaptation to the Community Reality; Meeting the Challenges and Ensuring the Successions"]

[22/23 May 82 p 2]

[Text] Even though they have nothing in common in terms of what triggered them or of the way they occurred, the 1960 strikes and those we have just experienced seem nevertheless to have had identical repercussions as far as the FGFB [General Federation of Labor of Belgium] is concerned. As a matter of fact, 20 years ago Andre Renard extended the union struggle against the "single law" into a political struggle for federalism.

He gained the following of a whole generation of Walloon socialist unionists, especially in Liege, where while pursuing the same strategy within the structures of the FGFB, they also militated in favor of the same cause within the Socialist Party and the Walloon Popular Movement.

Today, the failures of the interprofessional strikes of 8 February and 27 March has pushed the Walloon Interregional section of the FGFB into openly favoring the Walloon and federalist action. Both within the national structures of their union (where the Walloons want to give greater weight to the interregional section) and outside of them, where they have already paved the way for a federalist program, based on a common front with the CSC [Confederation of Christian Trade Unions] and on the rallying of all the progressive forces.

This long term conflict made it possible for them to score points in 1963, in 1968 and in 1978. Based on the analysis -- on the observation -- according to which the sociological and union mentalities are fundamentally different between the northern and southern parts of the country, the Walloon unionists believe they have a right to demand, within the national union structures, increased authority and resources for their strictly regional activities (even national ones, some people add).

## Regional Reality

Thus, in 1963 they obtained the drafting of a protocol which introduced language parity within the executive committee and the secretariat of the FGFB



-- overall, the union has 476,000 Flemish members, 485,000 Walloon members, and 165,000 members from Brussels -- as well as a procedure for internal conciliation: in case the divorce between central organizations or between Flemish and Walloon regional sections becomes too pronounced. Five years later, they were even able to regroup the various regional sections into three inter-regional sections.

Finally, at the congress of May 1978, the FGTB officially recognized the inter-regional and community reality in its statutes. Which made it possible, not only to make concessions with regard to the more "excited" of Andre Renard's students in the area of federalism, but also to modernize, to relax the old unitary, rigid, and monolithic structures in function of the institutional development of the country.

In fact, it was primarily a question of putting a guarantor into place, a union counterweight at every level of political, economic and social decision making: each of the three regions and each of the two communities should have a corresponding independent and responsible union authority. All of this, of course, within the framework of a national FGTB, which is the only one capable of being a union balance to the economic, social and fiscal decisions, specifically, of the central government.

#### Question of History

Whereas the operation was handled skilfully at the regional level -- "the powers of each of the three interregional sections will be those granted to the political powers of the regions" -- it has up to now deliberately ignored the question of community authority. Primarily because of the ambiguity surrounding the Interregional section of Brussels.

This is an interregional section built on a quasi linguistic basis, around the two sections of Brussels and of Hal-Vilvorde, whose numerical importance is due solely to the number of commuters who work in Brussels and who are therefore affiliated, not in their region of origin, but in the location -- Brussels -- of their profession.

The fact remains that since the strikes of 1960, which played the role of catalyst, the Walloon components of the FGTB have always felt slowed down in their ideas and their strategy by the Flemish elements and by the national structures of their organization.

Social history does not contradict them. Socialism and socialist unionism appeared and were first developed in Wallonia at the end of the last century. In a highly industrialized region, where the workers are grouped, from a union point of view, into large concentrated industrial complexes. Which facilitates the diffusion of the ideas of class struggle, of global reform of society, and the rapid mobilization of workers in the enterprise (which, as a matter of fact, remains the basic nucleus of the FGTB).

## Flemish Complex

This tendency toward doctrinaire ideas, toward mass solidarity, toward long term economic and social notions has thoroughly outlived the FGTB. In its program, in its behavior, in its structures. There, the delegates from the enterprises remain the masters of the game, but always along the doctrinal and national line of their central organization. By making reference to economic reforms, interprofessional solidarity and changes in society. With or without the support of the Socialist Party.

On the Flemish side, on the other hand, industrialization, and thus unionization, came much later and was divided into a multitude of small enterprises, which are less easily "mobilized," and overrun from the beginning by the omnipresence of the social Christian organizations (church, education, CSC, Christian Labor Movement). This development means that for nearly 100 years the Flemish socialist union members have continued to have a "large" inferiority complex. Both within the FGTB, where it has always been the Walloons who inspired the doctrine and gave impetus to the strategy, and at the Flemish level in the face of the all powerful Christian unions.

In fact, the Flemish components of the FGTB have a more "respectful" notion of common socialist action, are much more closely associated with the policy of the party, and like the latter, have definitely become part of the Flemish cultural context. Which gives them a social democratic and pragmatic image as against the Walloon "revolutionaries" "who drink deeply from the big ideas of Quaregnon and are always ready for action."

These differences in sensitivity and strategy were oddly strengthened following the 1978 division of the Belgian Socialist Party along community lines, and over the last 3 months when the Walloon officials of the FGTB got the very definite impression that they were fighting alone against the government.

[24 May 82 p 2]

[Text] From its constitution in 1945 until the widespread strikes of 1960, the FGTB really remained a rigid and monolithic bloc in which the all powerful trade organizations had more than "their say." Where the vague community and federalist impulses shrunk away in comparison to the two pillars represented by the socialist bible and national interprofessional solidarity. In this perspective, the strikes of the last 3 months have brought many things into question.

These 11 trade organizations, which in turn were organized on the basis of enterprise sections, still officially constitute the foundations and vital sources of the FGTB. They have a two-thirds representation within the national bodies of the socialist union (executive committee, congress).

The four most important ones, in order, are the General Public Service Organization (CGSP -- 295,000 affiliated members), the General Union Organization (construction, petroleum, glass, cement, chemical, leather and tobacco workers -- 259,000 affiliated members), the metalworkers (210,000) and SETCA [Technical

Employees and Cadres Trade Union -- 157,000). Together, these four unite more than 80 percent of all the affiliated members of the socialist union (1.127 million individuals). This shows their great importance and weight within the structures.

Even though they are individually obliged, by force of circumstance, to conduct an interprofessional policy within their own structures, the central organizations are nevertheless periodically, and even more and more frequently because of the crisis and because of the policy of selective austerity practiced by the government, tempted to take on corporatist and individualistic drives which Georges Debunne and the other national officials sometimes have a hard time smothering, if not incorporating them no matter what within a national interprofessional context. The proof? The mass strikes, without any coordination, which have been conducted over the last 3 months, either from one region to another or from one sector to another: railroad workers, teachers, steelworkers, Borinage, etcetera.

#### Specific Characteristics

Within the General Union Organization, the "rich" from the petroleum and the chemical industries have a great deal of difficulty vegetating in the inevitably not very ambitious and individualistic demands of the construction workers. The CGSP, in addition to its specific "public" characteristic next to its comrades in the private sector, no longer manages to conclude vast national collective agreements which touch all the workers in all the public services. SETCA has the complex of the intellectual worker toward the laborer, remains fiercely opposed to the notion of industrial unions (workers, employees and cadres within the same sector united in the same union section), and feels more and more isolated and threatened in the face of the intrusion of new techniques. The metalworkers no longer even form a national organization, and are unable to avoid the sub-regional opposition between the steelworkers of Liege and of Charleroi.

The length of the economic crisis and the strategy of the Martens V administration which affects all the professional sectors separately are not unrelated to this decay of the interprofessional and national spirit of the FGTB. This development is all the more obvious as the central organizations, especially in Wallonia, depend historically on the large industrial complexes of the 19th century, as whole sections of the latter are collapsing at the same time, and as the smallest still surviving enterprises, threatened in their employment, provoke individualistic reactions on the part of their workers who ignore the more general doctrine of their central organizations.

#### Central Organizations and Regional Sections

These central organizations nevertheless remain the masters of the game, specifically because of the fact that they collect the contributions -- a minimum of 290 francs per month -- and then distribute them among the national and regional bodies. Thus, contrary to what happens in the Christian unions where the slightest little strike must be sponsored by a central organization before being approved or not by the national interprofessional managers of the only strike fund, in the FGTB the delegates from the enterprises, the sub-sectors,

the professional organizations are totally free to conduct strikes as they see fit: because it is the central organizations which hold the purse strings.

Articles 4 and 15 of the statutes are very significant in this regard: "The FGTB consists of professional organizations"; it "creates regional sections." Regional sections which, at the structural level, ensure the relay between the national interprofessional and the professional sections of enterprises. And this, by grouping together the regional representatives of all the central organizations and of all the enterprises in the region.

These regional sections represent only one-third of the voters in the national bodies of the FGTB, they fill primarily administrative functions -- propaganda, study, unemployment --, and include, among the most important ones, the regional sections of Brussels (165,000 affiliated members), Liege (137,000), Antwerp (108,000), Charleroi (97,000) and Hasselt (54,000).

#### Interregional Sections

Finally, there remain in the structural outline of the FGTB, the three interregional sections; which are "the" current problem of the socialist union, the fruit of the regionalist evolution of minds and of the reform of the Belgian state. Unofficially established in 1968, the Brussels, Walloon and Flemish interregional sections were not recognized in the statutes before the congress of 1978. But with a more interprofessional structure than the national bodies of the FGTB, as a two-thirds representation in favor of the professional organizations was succeeded by a structure consisting of 50 percent organizations and 50 percent regional sections.

In terms of authority: "The decision making powers will be those allocated to the political bodies of the regions"; a statutory and legal subtlety -- to which Georges Debunne is no stranger -- which allowed the "national officials" of the FGTB not only to avoid overly large community waves (the statutes followed the evolutionary character of the state reform), but also to slow down the most federalist members of the organization.

However, matters were not settled for all that. Because the question of community authority remained unanswered: what about the regional section of Brussels? Because these interregional sections only had insufficient resources at their disposal (a distribution of the contributions to the central organizations, and not their own collection). Because they did not have a specific representation in the national bodies of the FGTB, or in the executive committee or in the congress (where they have neither the right to vote nor the right to speak). Because, financially and administratively speaking, the political structures to which they were supposed to be a union counterweight still lack credibility.

All of this, added to the imbalances noted during the last strikes, causes the regionalists and the federalists -- especially the Walloons -- to raise their heads and to want once again to amend the statutes, taking advantage of the departure in the very near future of a whole set of "historic leaders."

## The Debate Is Open

Such a congress should normally take place next June. But this congress is currently being prepared in a total fog. Should the three interregional sections be given greater -- national -- authority? Should they be given greater financial resources? How can they be integrated harmoniously into the national decision making structures? Can the concurrent holding of regional functions and national responsibilities be authorized?

So many particularly complex questions which are already dividing the "minimalists" and the "maximalists." For the latter, nearly all of whom are Walloons, the interregional sections must indeed acquire greater authority and greater resources. To collect themselves the contributions from the workers and to set up a confederation among themselves; two independent and autonomous columns with at the top only a national headquarters, which would be much less "heavy" and less authoritarian than today. To anticipate as it were, to bet on the federalization of the state.

Conversely, the "minimalists," headed by Georges Debunne, above all want to preserve the national unity and the interprofessional character of the FGTB. At least to maintain the deep sense of unionism and to maintain a union counterweight to a "strong" national government, which does not trouble itself with regionalist considerations.

For them, at the extreme, the problem does not even arise, as the statutes were written in such a way that the authority of the interregional sections follows the evolutionary character of the political reform of the institutions. Hence, according to them the problem is not necessarily one relating to the statutes; it is a problem of men and of functions. Where politics and palace intrigues override the authority the interregional sections already have at their disposal, and the concrete cases they could already take in hand.

[25 May 82 p 2]

[Text] In spite of the big declarations made by its leaders, with hands crossing their hearts, the FGTB is having more and more trouble preventing the slow crumbling of its national unity and of its spirit of solidarity, the two creeds on which Georges Debunne has built his whole union strategy, but which are resisting less and less the battering administered by corporatist realities and federalist ideas.

This development, which is not characteristic only of the FGTB, comes at a very bad time however for the socialist union: the majority of its historic leaders are nearing retirement age, the government is proceeding with its policy of austerity, and the social elections are to take place in less than a year. Whether you like him or not, Georges Debunne has had a profound influence on the FGTB. For 40 years he has been working there affirming national and interprofessional solidarity; a condition which, according to him, is indispensable to turn unionism into a real, credible and effective instrument for the defense of the workers.

It was he, specifically, who made it possible for the CGSP -- which up to then had been very scattered among its sectoral feudalities -- to rebuild an inter-professional purity by originating the 1960 strikes, and by concluding collective agreements which were valid for all the public service officials without any distinction.

It is he who, since his accession to the general secretariat in 1968, has given the FGFB its national and interprofessional character and has made use of all his personal influence to prevent any sectoral or federalist deviations. Finally, it is he who, because of his experience, finds himself, at the age of 64, president of the ETUC, specifically in order to attempt to pursue his "mission" there of rounding up union forces.

#### Indispensable Debunne

But the man has the faults of his qualities. Doctrinaire, even missionary, he is not a bit like a defender of "happy socialism." Meticulous to the point of perfectionism, he runs the FGFB with an iron hand and maintains a nearly military order in it. Very authoritarian, a former teacher, he cannot stand it when someone tells him what to do. Especially not when it touches on the national and solidary character of "his" FGFB.

Hence, the criticism -- but always tinged with some respect -- of other officials who, inevitably, some day come up against his doctrinal intransigence and against his attitude of "authoritarian mother-in-law," who constantly threatens to put her apron back on for good when anyone dares to lift the national lid or to smother the seeds which he himself has planted just about everywhere in the FGFB.

Today though, "Uncle Georges" may well have to leave. First of all, because his mandate as secretary general expires on 31 May of next year. Next, because the last 3 months of social unrest have revealed that unionist sub-corporatism is not dead. Finally, because the rare supporters of federalist structures are continually goading him into an area he is loath to become involved in.

However, his premature departure would not settle anything. Because the internal situation of the FGFB remains incredibly complex: the structures, the balance between national and regional, the men, the personal and regional strategies, all of these are deeply intermingled. If one piece needs to be replaced, it means that virtually all the structures, the functions and the leaders will have to be adapted.

#### Will There Be a Congress?

But will Georges Debunne really leave in May 1983? He himself does not seem to know. In fact, a great many things will depend on the congress to be held next June. But already many union strategists are dreading the start of the new social term in September and the social elections which are in a state of utter confusion, in the middle of a war of succession. On the other hand, the presidency of a "big thing" such as the ETUC has a real impact only if it can lean on a corresponding national union responsibility. So...



Another paradoxical question: will the June congress really take place? Because of the fact that the evolution of the statutes of the FGTB largely depends on the strategies of the future successors, this evolution will be clarified only on the basis of clear and distinct positions and proposals. At the risk of an incident, if not an explosion at any moment. Consequently, it would seem that there will be a congress only if each possible successor, each central organization, each regional section opens up and shows its color before deciding on a possible congress.

In this debate, which is shaping up as a particularly confused one, Georges Debunne will undoubtedly be able to count on "his" powerful professional organizations to put a break on the interregional sections in their intention to shift authority and resources from the national bodies of the FGTB. Not only because they value their current majority position (two-thirds of the votes), but also because they are the ones who hold the purse strings: by collecting the contributions, and returning them toward the other bodies, and by paying or withholding payment for strike compensation.

In this respect, important people such as Andre Vanden Broucke (General Union Organization), Roger Piton (CGSP) or Francois Janssens (SETCA) will in all likelihood make use of the weight of their central organizations, not in a negative way to block any vague regionalist impulse, but at least to maintain a nationally strong and regionally balanced FGTB.

#### The Interregionalists

There is a somewhat similar phenomenon among the representatives of the 24 regional sections. Because they also have their own representation (one-third of the votes) within the national bodies and because too much influence released to the three interregional sections would inevitably reduce the regional sections to silence and to the work of administrative ants.

Who then still defends the interregional sections? Everybody and nobody. Undoubtedly, a large number of the Walloon activists, worked on for 20 years by the loyal federalists, but primarily a goodly number of individuals and officials, Flemish as well as Walloon.

Jean Gayetot is certainly the first among them. Secretary of the Walloon Interregional section, he is the one who for years has been developing a more political than union strategy in favor of federalism and of the strengthening of the interregional sections.

Which is not an easy task. Not only because unlike Georges Debunne, he does not have a hold over all the central organizations or over some sub-regional "feudalities." Robert Gillon clings to his title of "godfather" of Liege and of the steelworkers; Urbain Destree finds his supporters primarily in SETCA; Liege and Charleroi are fighting in the area of steel; Namur went it alone at the time of the last interprofessional strike, and Mons-Borinage was not followed at the time of its latest actions.

But also because the federalist program he defends is supported only half-heartedly by the leaders of the PS [Socialist Party (Walloon)] (who remained

on the balcony, believing that the strikes were premature, and mockingly watching the Walloon FGTB struggling against a government without socialists), and because in his strategy of rallying the progressives he comes up against a Walloon CSC which, even though it signed the federalist program of Coronmeuse, openly favors a national strategy within the whole CSC and within the Christian movement.

#### The Flemish Also

All of these elements are reasons why Jean Gayetot, somewhat like his colleague in the secretariat, Jean-Claude Vandermeeren, is led to developing meticulous interprofessional tactics rather than a real long term strategy. And to suggesting a bilingual national executive body for the FGTB, better balanced anyway at the community level than the current Debunne-Delourme management.

The Flemish Interregional section, on the other hand, is much less "political." Conflicts are less pronounced because there are less "big personalities" and because, like it or not, Georges Debunne remains the real moral authority here. Also because they do not defend federalist notions, but are already cooperating in the field, with the policy conducted by the regional political institutions, in close cooperation with the SP [Socialist Party (Flemish)]. It would seem that only Georges Derieux, secretary of the Interregional section, is trying hard to follow Jean Gayetot in his intention to strengthen the regional structures. Not in a really federalist spirit, but rather to try to free himself from the too strong influence exercised by Andre Vanden Broucke and his General Union Organization, and by Marcel Schoeters and his Antwerp regional section.

Hence, the FGTB has reached a turning point. A turning point which is all the more difficult to negotiate as the "rightist" government is not awaiting a settlement of the internal problems of the FGTB to conduct its policy of social and union harassment. Which increases the problems and challenges of socialist unionism even a little more.

#### Numerous Challenges

And there is no lack of challenges. To begin with, the chain of departures -- spread out over barely 3 years -- of most of the leaders: Georges Debunne (?), Alfred Delourme and Jean Gogne at the secretariat, Henri Andris (Walloon Interregional section), Jacques Yerna (the good leftist conscience of the FGTB); Andre Vanden Broucke (General Union Organization) and Henri Carpentier (Interregional section of Brussels) for personal reasons. So many "important people" who will not only have to be replaced, but within the framework of structures which are better adapted and better balanced between national and regional values.

Other challenges: to restore a soul and a strategy to the interprofessional structure, which came out of the last 3 months defeated and which even lost one of its most important levers with the wage indexing. In this perspective, the basic discussion on unions by industry may even arise again.



Also, to prepare the May 1983 elections, where, without interruption since 1967, the tendency has very clearly been in favor of the CSC and of the erosion of the traditional socialist positions.

Finally, to take up again with the rank and file, who were bruised by the 3 months of lack of understanding with the headquarters, who reproach the leaders for their intellectualism and for the silent struggles among the mandarins to the detriment of action, who criticize the processes as being too lengthy and too numerous, and who demand structures which would provide more concrete services to the workers and ensure training to all the union members (and not only to a union elite).

The June congress -- if it takes place -- will not have enough time to tackle simultaneously all these essential problems. Problems which, during this crisis period, do not concern the FGTB alone.

8463

CSO: 3100/711

## LOCAL PRESS REVIEWS CURRENT ISSUES

## EEC Attitude Termed 'Negative'

Nicosia CYPRUS MAIL in English 26 Jun 82 p 3

[Text] TWO of the Greek Cypriot dailies yesterday complained about the EEC failure to make a decision about the terms of reference for negotiations with Cyprus about the regime for Cypriot exports to the Common Market countries in the new stage prior to the final goal of a Customs Union.

PHILELEFTHEROS, independent, calls this «disappointing» and says «We have no hesitation to state that a more generous attitude by the EEC towards Cyprus would be particularly helpful also for the efforts for a settlement of the Cyprus political problem».

The European Community with its «negative» attitude offers a disservice to the whole Cyprus problem and to the efforts for a political settlement», the writer says.

AGON also criticises the EEC attitude and says that in addition to the blow for Cyprus exports, particularly farming produce, this means also delays in the furtherance of the Cyprus-EEC relations.

But the paper has also a word for the Cyprus government officials who made different predictions only a little time ago. «The denial of expectations can either mean that our officials are unable to assess correctly what they are told during their contacts or that they are making misleading statements in order to claim some success».

However the Nicosia-Athens relations continue to occupy top attention with the pro-government papers accusing the opposition of disregarding

national interest by fanning animosity between the two governments and the opposition accusing the collaborating Akel and Democratic parties of calling names and branding as unpatriotic all opponents to the two-parties' policies.

SIMERINI referring to the meeting next week in Athens of President Kyprianou with Premier Papandreou repeats its view that the Greek government reaction to the controversial issue of the collaboration of the two parties and the «minimum programme» is confusing.

ALITHEA publishes an article by Christos Pourgourides, Organising Secretary of the Rally Party, in which he takes exception to the socialist Edek Party philosophy that only Lyssarides as leader of the socialist party and friend of Papandreou can establish friendly relations with Athens.

In his reply the writer says that Greece is not only the Greek government but all the parties and the Rally policy is for collaboration with the Greek government in power. The writer reverses the argument of Edek and asks what would they do if in the next

elections the opposition party under Mr Averoff comes to power instead of Papandreou's socialist Pasok party.

HARAVGHI, the Akel party paper, again defends the Soviet attitude in the Lebanese conflict and says «all sound thinking people can realise what would be the fate of the Palestinians and Lebanese had it not been for the Soviet Union». The paper maintains that the Soviet Union has not been invited by Lebanon and concludes that Russia will not allow the «neonazi's» to complete their «criminal designs» against the PLO and Lebanon.

## Nicosia-Athens, EEC Disputes

Nicosia CYPRUS MAIL in English 27 Jun 82 p 3

[Text]

THE conflict between Nicosia and Athens over the handling of the Cyprus problem is now generally acknowledged as a fact associated with divergent views about the intercommunal talks and is no longer referred to as a «misunderstanding».

«The government acknowledges at last that something is not going well in relations with Athens and this must be significant progress since it is a departure from the naive theory of misunderstanding», AGON says.

The pro-government and opposition press now centre their attacks on each other as to who is responsible for the present state of affairs:

The opposition says it is the President and the ruling Democratic Party together with the communist Akel party who are to blame for causing the conflict and blowing up Nicosia-Athens relations while the government and its supporters blame the Rally, the socialist Edek and others as responsible for «undermining conciliation».

KYRIKAS, the Union of the Centre Party paper, in its editorial notes that Foreign Minister Rolandis in his recent statement speaks of «shadow» in the relations of the two governments and points out that at least he admits the existence of a «shadow». However he does not go on to confess that the cause is none other than the «shadowy government», it adds.

AGON finds it paradoxical that the government blames those who «prevent restoration of relations» but fails to see that it is the President and Akel with their collaboration who blow up these relations.

ELEFTHEROTYPIA, the ruling Democratic Party paper introduces a new element in the controversy by suggesting that there might be instances where it would be in the wider national interest for Athens and Nicosia to have different policies.

The paper accuses the Rally of inventing the theory of supporting whatever policy Athens

preaches as a means to justify what it calls an «opportunistic» attitude and says:

«There is something else which Mr Clerides as a politician ought to know. There might be cases in the future where the wider interests of the Greek nation demand that the positions of the Greek government shall be different from those of the Cyprus government so that the Greek government can have freedom to manoeuvre within the framework of its wider policies. Such a phenomena did appear in the case of other people several times in world history».

PHILELEFTHEROS's editorial is on the EEC position regarding Cyprus-EEC relations and expresses fears that the non-decision of the EEC Foreign Ministers to approve terms of reference for negotiations about the next stage of the association agreement with Cyprus are politically motivated because the Cyprus government control does not extend over the whole of Cyprus to cover the north as well.

But that should be a reason for ending injustice and not for blessing injustice the paper says and, referring to reports that Ankara encourages the conversion of the whole north as a «free trade zone» says that this must awaken the feelings of those who adopted a negative attitude in the Council (reportedly France and Italy). «We believe that the EEC could do much in the right direction if they only willed», the paper says.

AGON reports that under the new circumstances it is now problematic whether the much spoken-of Customs Union could materialise even in ten years time.

The paper says that the negative attitude of the EEC creates immense trade and economic problems and adds that the Cyprus government had promised that Belgium would submit proposals for improving facilities for Cyprus products to the Common Market and nothing was presented when the matter was being discussed in the Ministerial committee.

## Economic Problems Paramount

Nicosia CYPRUS MAIL in English 29 Jun 82 p 3

[Text] **T**HE position of the Cyprus economy and the need for more attention to defence were the subjects which preoccupied the Greek Cypriot weeklies yesterday though the political squabble for the Presidential elections is clearly evident in the background of most comments.

PHILELEFTHEROS, independent, in a commentary under the heading «non-productive expenditure» says external borrowing means that the country is unable to meet requirements with its own means and there is nothing wrong so long as the funds are properly used and properly repaid.

But, it adds, as every sensible housewife in charge of the family budget knows, a crisis is avoided only when one spends less than one earns and there is no doubt that at present there is non-productive spending.

In another commentary the paper draws attention to the need for austerity and underlines that a policy of austerity is not necessarily an anti-labour policy.

KYPROS, also independent, refers to the government's restrictive policy which, it says, together with the higher interest rates for government securities helps stem inflation but may also lead to unemployment and even bankruptcies of businesses.

The paper regrets that the strong medicine of «package measures» suggested by former Finance Minister Afxentiou (now Governor of the Central Bank) has been disregarded and warns that economic policy based on political criteria instead of technocratic criteria cannot but have adverse effects in the long run on the economy at the expense of the poorer classes.

AGON, pointing out that the dollar revaluation is having serious repercussions on the Cyprus economy not only on the value of imports and notably the oil import bill but also on the servicing of external loans which are paid in dollars.

Any drop in the oil prices is offset by the revaluation of the dollar which in the last four years has risen by some 40 per cent it says.

KYPROS refers again to the position regarding the Hellenic Mining Company which it says tends to become another big scandalous affair after the Co-operatives, Cyprus Airways, the Public Information Office and the Limassol road and worries that the people may be called upon again to pay the price if Hellenic Mining resorts to the government for assistance after commercial banks refuse to extend facilities.

The paper says it is incongruous that the Hellenic Mining Group is declared to belong to the Greek Cypriot community and the Archbishop is supposed to be the administrator on behalf of the community but while he is free to administer as he likes it is not accountable to report for his deeds.

DEMOKRATIKI refers to the stalled situation regarding the relations with the EEC and the regime of the Cyprus products for the next period and says the whole situation needs careful consideration because the Cyprus-EEC relations cannot be a «one-way affair».

More than one paper yesterday referred to the events in Lebanon as a timely reminder that the island should pay more attention to defence expenditure and avoid being caught as wise after the event.

The visit of President Kyprianou to Athens today for talks with Premier Karamanlis and the Greek government tomorrow (Wednesday) gives the opportunity for further comments on the Nicosia-Athens divergence with accusations and counter accusations by the opposing sides.

ALITHIA expressing opposition Rally Party views writes that the Greek government should keep firm and help what it calls the «de-Akelisation» and reinforcement of the home front.

SIMERINI, another pro-Rally paper, attacks the Cyprus foreign policy and says the Falklands and the Lebanese events should provide useful lessons.

The paper attributes the policy «slips» to the «dictation» of Akel which, it says, Mr Kyprianou accepts out of a desire to cling power. «Moscow suggests, Akel demands, the President accepts and the Foreign Minister implements», the paper says and adds that this process leads with geometrical accuracy to catastrophe.

The writer believes that Cyprus belongs to the western sphere of influence and Cyprus by disregarding this is playing a dangerous game for the fate of the country which risks to be found completely isolated and alone or «more alone than Arafat», is says.

ELEFTHEROTYPIA, the ruling Democratic Party paper, gives prominence to a speech in London by President Kyprianou defending the collaboration with Akel and devotes its editorial to attack the Rally Party leader Mr Clerides for allegedly playing the game of the European extreme right and notably German quarters of Straus.

The paper asks what are the Straus's objectives in Cyprus for spending large sums to put up their own men and how does the Rally leader plans to repay.

CSO: 4600/627

## BRIEFS

CYPRUS AIRWAYS OPPOSES CHARTERS--Cyprus Airways has again declared its opposition to charter flights from the U. K. and said the argument that they would lead to lower fares is "misleading". In a statement, the airline said the open excursion fare from London to Larnaca and back during the peak period (July/September) is £248 while the excursion fare for London to Athens and back is £304. The Apex (choosing a date in advance) is, for London to Larnaca return £224 and for London to Athens return £209. "Thus the London-Larnaca rate is £56, lower than for Athens and for Apex it is only £15 higher, despite the extra 1,300 miles to Cyprus". Cyprus Airways says the problem is "disproportionate" travel by Cypriots from middle to end July and from end August to early September. This leads to low occupancy of seats on the return leg. Cyprus Airways said reports that the London/Athens fare is only £130 are false. There is no such official fare and this must be on charter flights for last minute unoccupied seats. [Text] [Nicosia CYPRUS MAIL in English 29 Jun 82 p 1]

CSO: 4600/630

## NEUE HEIMAT CHIEF ON MEASURES TO END SCANDAL

Hamburg DIE ZEIT in German 18 Jun 82 p 21

[Interview with Neue Heimat Chief Diether Hoffmann by Peter Christ and Erika Martens, date and place not specified: "I Defend Myself Against Purism"]

[Text] In mid-February Diether Hoffmann replaced fired Albert Vietor as chief of the Neue Heimat. Will he be able to establish order in the scandal ridden union enterprise?

ZEIT: Herr Hoffmann, new scandals involving the Neue Heimat keep cropping up. A few weeks ago generous contributions came to light to CDU politician and Neue Heimat board member Konrad Grundmann; the former Neue Heimat press secretary for North Rhine-Westphalia has been arrested for embezzlement; and during the construction of Munich's suburb Neu-Perlach, Neue Heimat managers are said to have diverted at least DM 30 million to their own pockets. Is there no way to drain the swamp in which the Neue Heimat is mired?

Hoffmann: The swamp has already been drained.

ZEIT: Then why do new revelations keep cropping up?

Hoffmann: "Drained" means that cases like the ones you have mentioned can no longer occur.

ZEIT: Can you cross your heart in saying that none of your colleagues has an interest in firms which make business deals with Neue Heimat? This seems to be the main reproach made against the fired managers.

Hoffmann: No--I can only cross my heart if I am 100 percent sure of something. But we have done everything possible to make these business deals impossible in the future. Two months ago we already required all our members in leading positions to submit written declarations about any business involvements.

ZEIT: Has this resulted in the revelation of silent partnerships or private dealings which had not been public knowledge?

Hoffmann: No. I have no reason to suspect that I have been lied to.

ZEIT: Have you also demanded statements about past deals or partnerships?

Hoffmann: Only to a limited degree. Our primary objective was to shed light on the present situation. After all, I cannot hang colleagues for private business deals which were known, furthered or approved by the former management. Anyone who was able to rely on the acquiescence of his superiors in making private deals with Neue Heimat cannot be punished for this now. But I can tell them, listen--as of today these things will no longer be tolerated. That has been done--they have all heard it.

ZEIT: Isn't it strange that on the one hand you are glad to have drained the swamp, but on the other hand have threatened to sue your former press secretary, Siegfried Mehnert, who is suspected of having informed DER SPIEGEL of machinations by the leadership?

Hoffmann: The informer, whoever he was, did not do this to clean house; rather, he was pursuing his own interests, to get more money. Had he been solely concerned with the welfare of the organization it would have been incumbent upon him to first try other means.

ZEIT: He surely would not have had a chance with his own chief in making these revelations.

Hoffmann: But after all there was Board Chairman Vetter and a sufficient number of other unionists with whom he could have talked.

ZEIT: Anyone who knows unionists knows also that frequently there is such a thing as a misconceived solidarity.

Hoffmann: Could be. Nevertheless, a decent man would have put himself on the line.

ZEIT: Will there be a trial between Neue Heimat and Herr Mehnert?

Hoffmann: Very likely.

ZEIT: But this cannot take care of the past as far as you are concerned. Wouldn't it be in your interest to find out about any past shady deals involving Neue Heimat members and to publicize them?

Hoffmann: What do you expect me to do? Should I perhaps give carte blanche to the public prosecutor for making investigations?

ZEIT: Surely you have to do something to spike the constant speculation and rumors about Neue Heimat. There should be no doubt about your determination to clean things up.

Hoffmann: There can always be doubts. But my intention to clear things up is unambiguous. It is in my own best interest. But to clear things up and to

convince the board of directors, employees, unions and the entire German public of it are two different things. Nevertheless, we must not be forced to wash our dirty linen in public.

ZEIT: Then you want to wash it in total secrecy?

Hoffmann: No. We must not permit the comrades to engage in a mutual white-wash and then forget about the whole thing. This won't work. Where personal culpability exists, it must be dealt with. The public is entitled to this. We ourselves must be aware of the fact that we are justifiably under more severe scrutiny than any other enterprises.

ZEIT: You are then not keeping anything at all under cover?

Hoffmann: At this moment I am not aware of any single case which requires my attention. Which does not eliminate the possibility that a new case might come to my attention tomorrow or 4 weeks from now.

ZEIT: Are denunciation and suspicion the order of the day in the Neue Heimat? Could it be that no one trusts anyone else any more?

Hoffmann: Yes, and it is a sad story. And that is one of the most serious reproaches that I am making against the previous management, that such an atmosphere of distrust was permitted to exist in an enterprise. And it is damned difficult to eliminate to any extent.

ZEIT: Your predecessor, Albert Vietor, does not appear to have any guilt feelings at all. At least in interviews he has stated several times that he either has no sense of guilt or else that he has bravely overcome it.

Hoffmann: If he himself has no misgivings about his private transactions in retrospect, I have very little understanding for that.

ZEIT: Do you think that Vietor will succeed with his suit concerning the illegality of his termination by Neue Heimat?

Hoffmann: No; otherwise I would not contest the suit. But, as the old saying goes, in court and on the high seas you are in God's hands. I do on the other hand have some difficulty in judging a man without at the same time asking myself how these things could happen.

ZEIT: Was a different sort of morality in operation when Vietor and his colleagues started their shady dealings?

Hoffmann: We must not lose sight of the fact that the whole thing started in 1962; we were still in the initial phase when everything was on an upswing and when no experience was available as to the dangers of the system.

ZEIT: For how many years do you credit these people with the "initial phase" bonus?



Hoffmann: Until the second half of the 1960's.

ZEIT: Would you then also have made Vietor-type deals?

Hoffmann: Certainly not today. But the question is completely wrong anyway. The issue is, where do you get your powers of resistance from? Let's return to Vietor: he was a young man working for Heinrich Plett, the first Neue Heimat chief; I was a junior executive with Walter Hesselbach, the director of the Bank fuer Gemeinwirtschaft. If Hesselbach had made me any offers of the type Plett probably made to Vietor, I don't know whether I would have been strong enough to say no. Or, to paraphrase Goethe: I don't know of any crime which I could not commit too. But Hesselbach made me no such offers; this sort of thing did not happen in the BfG.

ZEIT: But Hesselbach was himself involved in some deals because of which Vietor was fired. Hesselbach had for instance an interest in the Tele-therm remote heating enterprise, which deals with Neue Heimat, and in addition he invested in several Neue Heimat building renovation projects in Berlin.

Hoffman: I can understand that the public is critical of this. But I see a clear distinction between matters involving Neue Heimat managers and matters involving those who have a different relationship with Neue Heimat.

ZEIT: Is a board member guided by a different set of moral principles than is a director?

Hoffmann: That has nothing to do with it. The question is whether one is permitted to make deals with one's own company or whether one makes use of one's insider experience gained as a Neue Heimat manager in some way. Hesselbach had no insider knowledge whatever. To him this was an interesting opportunity for tax sheltering and investment.

ZEIT: Hesselbach was supposed to monitor Vietor and the other directors. But at the same time he was their partner in deals with firms which had dealings with Neue Heimat. Controllers and controllees were sitting in the same boat.

Hoffmann: Good Lord, that is a question of personal independence. I have known Hesselbach for 23 years and he is my close friend; I have never known him to lose his independence. You can work well in business with someone else, accept an offer from a business partner and still remain entirely objective and independent. It is a question of intellect and character whether or not one permits oneself to be bought in such matters.

ZEIT: In any case Hesselbach was the only man on the Neue Heimat board of whom it could be proven that he was aware of the directors' dealings. Shouldn't he have done something about it?

Hoffmann: That is your opinion. I have a different view.

ZEIT: Other board members did not look very good either. Can you visualize a more independent and more competent board for the Neue Heimat? Wouldn't bankers be more suitable for this role than union comptrollers?

Hoffmann: Bankers do not have an entirely independent attitude either.

ZEIT: ...because they are large loan consumers. But wouldn't they have greater expertise?

Hoffmann: I'm not saying anything against bankers; but we must not underestimate the operational and economic expertise of union comptrollers either.

ZEIT: The board does not only consist of comptrollers, but also of union executives, who are supposed to supervise up to 10 firms. Can there still be a question of control?

Hoffmann: If something went wrong in the Neue Heimat in the collaboration between the board and the management, then I am not certain whether the reason is overwork by board members. What happened in the Neue Heimat may be scandalous, but hardly preventable by the board.

ZEIT: In other words, better controls must be instituted.

Hoffmann: Certainly. The Neue Heimat must do three things: first, to establish service contracts, rules and bylaws so as to make it clear where the board of supervisors must intervene. We are working on this; it has been partially accomplished. Second, there must be a redistribution in the functions of management and the board.

ZEIT: Additional functions for the management?

Hoffmann: No, for the board. And third, new rules must be set for the cooperation between the parent company and the regional companies.

ZEIT: Wouldn't it be particularly important to change the composition of the boards of supervisors in the regional companies so as to finally bring about an end to the interaction between Neue Heimat and the parties? The most recent example: CDU politician Konrad Grundmann, who, as a board member of your Duesseldorf subsidiary, obtained excessive discounts on the purchase of his house. The boards of other subsidiaries are also crawling with politicians.

Hoffmann: I consider this to be a perfectly legitimate relationship. And after all it wasn't a case of Neue Heimat begging politicians to become members of its board in order to gain excessive advantages from such an arrangement. It was a case of cooperation in order to advance mutual interests.

ZEIT: What sort of interests do you have in mind?

Hoffmann: For example, to provide urgently needed housing in great cluster areas. That is a task for the politicians as well as for Neue Heimat.

ZEIT: But that is another case of comptrollers and controllers sitting in the same boat.

Hoffmann: I won't put up with purism which no man can implement. Boards of supervisors in the public economy are altogether certainly lesser instruments of cozy relationships than are boards in other parts of the economy. I do not wish to make any lofty pronouncements here, since I know all too well about human relationships. What we have is a situation in which we act according to the nice motto "Be nice to each other" in business transactions also.

ZEIT: The exploitation of human weaknesses then becomes a business principle?

Hoffmann: Contacts, yes; weaknesses, no.

ZEIT: Let's talk about economic weaknesses. The McKinsey management consultants set Neue Heimat losses from 1974 to 1980 at DM 529 million.

Hoffmann: I have no comment on that figure.

ZEIT: If it were entirely wrong, would you deny it?

Hoffmann: If it had switched plusses for minuses, I would deny it.

ZEIT: It is correct then that Neue Heimat has suffered severe losses?

Hoffmann: In some areas there is no doubt about it.

ZEIT: Is there a threat to the very existence of Neue Heimat?

Hoffmann: No.

ZEIT: Is this true also for Neue Heimat city construction?

Hoffmann: Yes.

ZEIT: In any case, you are paying almost DM 90 million in interest there, on total sales of DM 324 million. Even for a construction enterprise, those are unusual figures...

Hoffmann: ...the situation is difficult. But today I am sure that we'll make it. I can't provide any details just yet.

ZEIT: Union members are saying that Neue Heimat will have a loss of about DM 200 million this year. Will this force you to reduce the number of jobs within Neue Heimat?

Hoffmann: All I can say on that is that the structure of the enterprise must be improved, but will in any case remain basically the same. After a detailed study I will have to discuss details first with the management council, with the stockholders and finally with the board of supervisors.

ZEIT: Could you categorically state that Neue Heimat tenants have not been financially hurt as a result of private deals by the former management?

Hoffmann: No, I can't. But I must say that investigations to date have proven that the tenants have indeed suffered some direct damages.

9273

CSO: 3103/542

## POLICY ON CREATION OF BUSINESSES FOCUSES ON PUBLIC SUBSIDIES

Paris L'USINE NOUVELLE in French 22 Apr 82 pp 131-133

[Article by Isabelle Graviere: "Subsidies for Creating Businesses: Half Continuation, Half Change"]

[Text] On the basis of the Doublet report, submitted to the Ministry of Industry at the beginning of March, a government policy on starting businesses--a combination of continuity and change--is being formed. The main axes of this policy, which gives priority to companies with advanced technology, include sponsorship arrangements, relief workshops [ateliers-relais], risk-capital companies and management and financial arrangements.

Nine thousand one hundred industrial firms were started in 1978, 9,400 in 1979, 11,000 in 1980 and 12,800 in 1981. The progress seems encouraging and the results largely positive. The reality, however, is otherwise. These figures in fact reflect entries in the trade register, which include "stricto sensu" new businesses as well as new subsidiaries or revivals of firms camouflaged as the creation of new firms in order to benefit from the various subsidy arrangements or to avoid the legal and fiscal problems involved in this type of operation. This is so prevalent that the Equipment Credit [Office] for small and medium-sized businesses estimates that the number of actual new industrial firms is no more than 6,000, with about half of those in the BTP [construction and public works] sector. "Moreover," adds Herve Delmaire, secretary general of the National Guarantee Fund, "about one-third of these businesses never make it past the third year."

However, while the official figures overestimate the number of new firms, they underestimate the firms that disappear. For instance, the government announced that 7,760 firms went bankrupt in 1981, but this does not include those that closed down voluntarily, of which there were as many as there were legal bankruptcies in 1978 (the last year for which figures are available for industry). As you can see, the results are negative and thus intolerable for employment.

As Industry Minister Pierre Dreyfus stressed in a speech before the Claude Bourq Foundation<sup>1</sup> on 25 February, "the policy to promote new businesses is

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going to be one of the main thrusts of the government's industrial policy in the coming months." In contrast to public and private activities and measures to promote the creation of new firms over the past 5 years, this policy will combine continuity and change.

#### Still 3 to 7 Months To Complete Red Tape

Continuity is unquestionably the keynote of the plan to streamline management. However, the operations carried out up to now have hardly been crowned with success, especially the arrangements for redtape to be completed in a single place, in either chambers of commerce or trade associations. Appreciated by those starting new business who have followed the procedure since the initial Blois experiment in November 1978, this use of a single place is in fact opposed by the record offices, which are anxious to defend their privileges, and by members of the professions, who are afraid of competition from chambers of commerce in the area of advising businesses. This explains the situation recently described by the Minister of Industry: "In France, it takes 3 to 7 months to complete the formalities involved in setting up a new business, whereas it takes only 2 months in the Federal Republic of Germany, 1 month in Italy and Great Britain and 24 hours in the United States."

The government, however, wants to pursue this course of action. In October it decided to set up 11 new centers for conducting these formalities in CCI's [Chambers of Commerce and Industry], to be added to the 6 experimental centers. This reform should be completed in 4 years at the latest, at the end of which time chambers of commerce alone will be authorized to create commercial firms, with trade associations responsible for creating cottage industries and offices of the clerks of commercial courts authorized to create non-commercial firms [societes civiles].

Moreover, the government is again taking up the idea first mentioned several years ago of a "single package." This idea to simplify procedures would go beyond the creation of businesses to cover all economic information reported by businesses to the government. A survey conducted by the Ministry of Industry revealed that a firm of 30 employees devotes on average 24 hours a year to filling out the basic forms required by the government.

There is also an official concern for standardization and continuity behind the idea for easing the government system for "newly established businesses." As Jean-Pierre Gorge, general representative of the small and medium-sized industries [association], explained, "in the past, there were two systems in effect that either allowed a company a one-third deduction on profits during the initial year or provided for total exemption of profits earned during the first and subsequent years, provided they were reinvested." The 1982 appropriations bill replaced these two systems by a single intermediate one that provided for a 50-percent deduction for 5 years and raised the ceilings applied from the third to the fifth years to a Fr 60 million sales volume instead of 30 and to 300 employees instead of 150.

## "Complete Rubbish"

The heart of the debate on new businesses today, however, revolves around granting government or parastate subsidies. Couldn't public monies be better spent?

To judge from the views expressed by the very people starting businesses, the subsidy system does not engender much enthusiasm. As Lise Mercade, the creator of the Vif Argent Company (children's records and tapes), explained, "imagine that any loan or subsidy requires a 3-year projection of operating accounts. This is completely unrealistic and terribly complicated." Jacques Delport, chairman of the board and general manager of a number of newly established firms, including the Compagnie des Magiciens, is even more critical: "I could have received Fr 120,000 under the regional development subsidy and the subsidy for starting a cottage industry. But it would have taken me at least 150 hours to put together the application, and I do not have the time. Moreover, any forecasts made for a new business are going to be wrong." Another person starting a business went so far as to call these applications complete "rubbish," adding: "And the most ridiculous part is that the qualification criteria differ from one subsidy to the next. So, to receive two different subsidies, you frequently have to give different information in the applications, with one being as incorrect as the next!"

The unions for their part focus their criticism more on the fact that the amounts allocated are not enough. The CGPME [General Confederation of Small and Medium-Sized Businesses] believes that if budgetary constraints prevent the government from increasing the subsidies, then it would be better to concentrate them, even if it means having stricter criteria to qualify.

Lise Mercade, for instance, was able to obtain only Fr 20,000 in grants and 10,000 francs in loans from the BRED--and no cash arrangements--out of the Fr 150,000 she needed. And the problem is even worse in the heavy manufacturing sector. "To create a job in engineering costs an average of Fr 150,000, whereas a company generally receives at best Fr 20,000 for each job created," the head of the CGPME explained. "It is too much or too little, and decentralization could increase the chance of dispersing the subsidies."

The government is not far from sharing this view.

The subsidies, albeit reduced under the guise of simplification,<sup>2</sup> are of course maintained. But another trend is becoming more and more popular, and that is increasingly to give preference over subsidies to aid "in kind"

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2. This applies, for example, to local subsidies, which used to number six and have now been reduced to two: the regional job subsidy grants Fr 20,000 per job created, between 1 and 30 [as published] in towns with a population under 100,000 and the regional development subsidy for poor areas, which grants Fr 50,000 francs per job created, up to 25 percent of investments.

(sponsorships and relief bureaus or workshops), while at the same time promoting another source of financing, risk or venture capital.

Individual initiatives at sponsorship have flourished in the past few years. They include groups of enterprises giving practical advice, such as Ethnic or CJD, or backing for personal loans, such as Aface, as well as commercial schools such as HEC [School for Advanced Business Studies] or Cesa, which promotes publications, study days, exchange fellowships and advisory services. Jean-Pierre Gorge assures that to develop this role of moral support and practical backing for those establishing new businesses, the government is prepared to encourage tripartite sponsorship arrangements (business heads, bankers and government officials) set up through negotiating an arrangement of this sort.

#### Trend Toward Lasting, Collective Activities

In this spirit, a substantial subsidy was granted a few months ago to the "Autrement" ["Alternative"] movement, which has set up around 20 "management workshops," primarily to help people starting cooperatives, associations and mutuels to get up the company's management and financial structure.

But sponsorship can go much further to cover the provision of workshops, laboratories or other premises. An experiment has been going on for the past 6 months at Evry-Ville Nouvelle that already proves the value of the system. The idea goes back to the FAIRE (Promoting Entrepreneurial Action, Information and Ideas) association, established in 1977 by CESA and alumnae of the center. Its leader, Jean-Philippe Pelletier, explained that "there is a twofold objective: to help the person setting up a new business to resolve financial and legal problems so that he can devote his time primarily to technical and commercial problems; and to make a site and offices available to him for a maximum of 2 years at extremely competitive prices, payable on a schedule that the business can afford."

Thus, there is a plan currently under negotiation with the government to set up 100 more centers along the lines of the Evry one, but with larger premises. An investment of around Fr-1 million per center will be needed to build and operate them for the first 3 years, after which they will be financially self-sufficient.

In the future, therefore, government aid should be directed more toward lasting, collective activities than individual, temporary financial aid.

As a result, companies will have to find other sources of financing, and this is why the government is encouraging venture capital companies in France, patterned after those in the United States. In France, however, two conditions are missing, according to Yves Delacour, vice president of Pacific Technology Venture Fund (an international venture capital fund mainly involved in investments in Asian countries). "There would have to be the possibility of a tax deduction for losses by individuals and businesses and a stock market for small and medium-sized businesses." Yves Delacour



has high hopes regarding the results of his contacts with the offices concerned, which are now sensitive to the problem. "But, as Pierre Dreyfus himself pointed out, banks must also take more risks in setting up new businesses. This is part of the reform of the banking system currently under discussion."

Here is at least one point that will meet with the unanimous agreement of people starting businesses....

9805

CSO: 5100/679

## LABOR PARTY'S MEIJER ON PARTY'S ECONOMIC PROGRAM

Facing Dismal Figures

Rotterdam NRC HANDELSBLAD in Dutch 29 Jun 82 p 7

[Text] The PvdA [Labor Party] parliamentary leader in the Second Chamber, Wim Meijer, wrote two articles on the economic situation in the Netherlands. We are publishing the first one today.

The contemporary significance of democratic socialism lies in the fact that our social system continuously produces inequalities between people, inequalities which are not based on the inequality of their natural endowments. Democratic socialism opposes those inequalities and strives to increase the average level of prosperity and well-being and to reduce differences not due to human effort and responsibility.

Objectives which from a democratic-socialist perspective can and must be derived from this all-prevailing effort are promoting full employment and guaranteeing social security to those who have become unemployed through no fault of their own. As the economic situation deteriorates more and the crisis spreads further, these two characteristic objectives must be sought with all the more effort. The social inequalities, which the social system reproduces again and again, appear sharper before the footlights, as the economic situation worsens. Without expecting everything from the government in this respect, it can be observed that the crisis cannot be combatted without an adequate reaction by government.

If such a suitable policy is lacking, then the crisis will not be solved and the social inequality will increase further. Therefore a government policy for a number of years aiming at economic recovery and reduction of unemployment is necessary. It must be a policy, aiming, on one hand, at promoting selective economic growth, while guaranteeing a just distribution of income and, on the other hand, at restoration of employment, among other things, by redistribution of available employment.

The PvdA is attempting to draw up the main lines of such a policy in its draft election program "Divide Fairly."

### Distribution

Thirty million unemployed in the rich industrial countries confront us here in the West with the deplorable international economic situation. In the eighties the western world will have to deal with reduced economic growth, a large labor supply and a serious distribution problem. The Netherlands is no exception to that. The high degree of international dependency rather increases the problem. Loss of sales and falling profits characterize the market sector. In the public sector, transfer payments are increasing and investment expenditures are declining.

Growth prospects until the middle of the eighties are limited to 1 percent. In spite of the slight growth, public expenditures are increasing explosively. The number of recipients of an income through the public sector, for example, is increasing rapidly and now already is almost as large as the number of market sector incomes and it is expected that this number will be greater in the foreseeable future. In spite of efforts to make greater economies in the public sector, these expenditures still show a greater increase than those of the gross national product. The increase of the interest burden now foreseen as a result of the increasing financial deficit, already amounts to more than the economic growth now estimated will yield.

### Confrontation

A credible social-economic policy will now have to take those facts into account. That means that the confrontation of increasingly dismal figures may not be avoided. But that does not mean that there must be a constant reaction to new information, while the existing data still has led unsatisfactorily to policy.

It is preferable to react with an anticipatory policy to the foreseeable claims which are made on the public sector in the coming years; the long term development of the new labor supply, the elimination of labor from the market sector, the aging of the population, and the increase of the interest burden on the national debt.

It is inevitable that the expected lower economic growth and the increased labor supply will have income results. For an economic growth which does not fully meet the increased labor supply, results in a somewhat lower income per average individual. The total labor income will, it is true, increase, but because more people participate, the average income will come out lower.

Such an anticipatory and aggressive policy is in sharp contrast to a policy of dull economies.

Democratic socialists are often reproached that they only have ideas about how to distribute. The democratic socialists would not know that what can be distributed must first be produced. These critics have missed the main idea of the multitrack policy advocated by the democratic socialists. The PvdA wants to create both new work as well as redistribute existing work. The party favors a social economic policy in which the activities of government, employers and employees are directed in a cooperative and manageable way toward economic recovery and sound and full employment. Business must be free to develop within marginal conditions.

### Coordination

The government is concerned first of all about the coordination of its own policy and mutual adjustment of the market sector and the public sector. It also determines assignments for the public sector and sets up recommended planning for the market sector.

Making economic recovery possible demands that the government do definite things and precisely omit others. Enterprises must (again) be able to produce and sell their qualitatively high value goods and services. If that will be possible, then a long sustained control of production costs must appear, in other words, control of the costs of labor, capital energy and the development of public expenditures.

The Netherlands' international position demands a policy which creates both domestic as well as foreign sales opportunities. A carefully thought out export promotion scenario must both improve the export package as well as the area distribution of exports. The trade balance must not be positive because imports are stagnating, but because exports are increasing.

It is essential that cost control and limitation of consumption be paired with an increase of investments by private businesses and/or the government in favor of a directed, selective promotion of new business. Restoration of profitability of operations in the market sector is essential for that, just as the restoration of the individual financial position of businesses.

Moreover, government investments can contribute considerably to domestic production. That is not only new economic activities, but also sectors such as the building industry, the energy conservation and environmental improvement industry, public transportation and the infrastructure. Consequently the emphasis lies here on investments which have a direct effect on that part of the market sector,

which is especially dependent on domestic sales. In that market sector it is very easily possible to make the relationship between income moderation and employment visible. There instruments such as wage amount trend and investment wage can yield their fruits.

## Money

Money is necessary for the government investments advocated here. The PvdA is convinced that a policy which is only based on the reduction of the financial deficit and which simply and solely is marked by savings and economies, will fail and is counterproductive. Too much expenditure is disastrous, but too many and uncontrolled economies are just as bad. Federal Chancellor Schmidt said recently at a SPD Congress in Munich, we are not allowing our economy "to go to pieces with economies."

Economies must not be a goal in themselves. The means must be handled as a good instrument to be directed in the framework of a selective economic development. A development of growth, which finally brings to a halt the elimination of labor and creates new jobs. The underpinning of such a policy must be able to claim broad social support. There must be confidence in the practicability of this method. Only then can we expect understanding for the fact that the sacrifices will be high in the coming years and the results not immediately visible.

Only then can drastic measures be carried out effectively in the field of government expenditures and individual incomes. Those measures will not be avoided provided that a marginal condition determining everything is met; the connection must be visible between these measures and the central policy choice, the creation of new work, the redistribution of existing work and the honest sharing of the necessary sacrifices.

## Redistribution of Labor

Rotterdam NRC HANDELSBLAD in Dutch 30 Jun 82 p 7

/Text/ The gradual restoration of economic growth is in itself completely unsatisfactory to cope with growing unemployment. That is why democratic socialists, besides the way to economic recovery which must lead to the creation of new jobs, which was outlined in yesterday's article, emphasize a second aspect for a possible solution of the lack of employment: redistribution of work.

Redistribution of work means a reduction of the average working hours of those who work, to enable unemployed or those seeking work to take part in the working process. The desirability of holding fast to the goal of full unemployment is justified from the socialist point of

view by the idea that everyone has the right to work. But there is still good reason to argue: the unacceptability of a social structure which is characterized by two "groups": one with work and wages and another group which is permanently unemployed, with a benefit which is dependent on the first group.

Seen in this light, the PvdA opts for redistribution of labor by reducing individual working hours per day. Besides, by shortening working hours, it is a crucial point that in this form of redistribution of work, results only appear, if it is assured that the total volume of work does not drop because of reduction of working hours.

But there is yet an essential element which determines the success of the project.

Only if the net costs of the redistribution are borne by the workers themselves, can redistribution contribute to reduction of unemployment.

A secondary condition for the success of the enterprise is that the costs per unit of product are not allowed to rise. For: the wages are the source of financing. Redistribution of labor will, in principle, have to be combined with proportionate wage reduction. In other words: the rise of labor costs must remain within the increase of productivity, so that there is room to convert possible growth of productivity into employment.

This duality between redistribution of labor and redistribution of income requires, among other things, considering measures to publicize the justice of income distribution. A call for solidarity can only be urged if the redistribution of income in favor of the redistribution of work also reasonably satisfies the feeling of justice and standards of income distribution. Here is added another problem.

If reduction of working hours is introduced in the market sector with a more or less proportionate reduction of wages, the minimum wage connected with this drops. The purchasing power of the net minimum wage also drops: with a 10 percent reduction of working hours over a number of years, quickly by 1 to 1½ percent a year. The iron logic of the connection consequently affects the social benefits. Because the lowest social benefits are connected with the amount of the net minimum wage (the net-net connection), with a reduction of working hours in the market sector, the purchasing power of the social benefits would also drop, unless a measure was taken to counteract that effect. Besides the government, the social partners, in the conclusion of collective bargaining agreements, will also naturally have to agree about the amount of this compensation, as well as the way in which the costs of reduction of working hours are distributed among the different income groups.

A drop in purchasing power of the social benefits is the iron logic of the connection: in periods when it goes well the purchasing power of the unemployed keeps in step with the increased prosperity of economic activities. If the working incomes decline on behalf of employment, the net-net connection, on the other hand, results in the unemployed also losing purchasing power.

In that way the unemployed also make a sacrifice to combat unemployment, reorganize government finances and restore the economy.

The PvdA does not underestimate the problems which will arise with the introduction of this redistribution of labor through reduced working hours. A number of marginal conditions are indispensable. By far the most important concerns the employees' income position. If reduction of working hours is accomplished in an ambitious scenario and with proportionate reduction of wages, that will require considerable sacrifices of purchasing power.

Besides economic recovery will also demand its sacrifices in the field of consumption. For the introduction of the investment wage will be at the expense of purchasing power. That combination of sacrifices is only acceptable if an increase of premium and taxation pressure does not occur on top of that. Tax stability expressed in a stable and even somewhat reduced premium and taxation pressure is an essential marginal condition. A vulnerable scenario, like the one presented here requires an extremely disciplined attack, in which there is no place for deviations from the main points.

In the second place, households with a minimum income, which as a result of the reduction of working hours would come under the social minimum, must be able to apply for an income supplement up to the social minimum.

In the third place, agreements for several years with employers and employees will have to be concluded on the central level, in which it is clear that the situation as regards the opportunities for adoption per industry or industry branch are very different. It also holds good here that the government, on one side can do something, on the other hand, can neglect something.

As concerns the first: the government has to encourage varied experiments in different branches of industry for the preparation of the introduction of reduced hours of labor. Moreover, the public sector can play a model role, in which the entrance of newcomers (youth) in the working place is especially encouraged.

We will not manage to achieve both the restoration of economic growth as well as the redistribution of work merely through simple government regulations. A social consensus is necessary, which can be expressed in a social contract for several years in which the employers



pledge to make their investments subject to inspection and to cooperate in the redistribution of work, while the employees accept a sacrifice in purchasing power and the government guarantees the maintenance of the net-net connection in social security. Moreover, at the same time the employers, employees and government could negotiate over a complete or partial replacement of the purchasing power protection which the cost of living adjustment offers, by lowering taxes.

8490

CS0: 3105/191



## KETENCI EXAMINES MILITARY ABROGATION OF WORKER CONTRACTS

Istanbul CUMHURİYET in Turkish 17 Jun 82 p 6

[Text] The Seventh Labor Court of Ankara has reached an important decision that has been finalized through ratification by the Supreme Court of Appeals. We wish to particularly emphasize our belief that it is highly appropriate for all employers who supervise employees within the private or the public sectors to underline and reflect upon some of the principles that are contained within this decision.

The Seventh Labor Court of Ankara and the Supreme Court of Appeals have decided that workers who have had their work contracts abrogated by martial law command centers on grounds that their continued employment is deemed to be hazardous are entitled to severance and seniority pay. The argument in the decision reached concerning a lawsuit brought by a worker dismissed from a position at the Municipal Government of Ankara without any of the compensation prescribed by the law and as the result of a request by the Martial Law Command of Ankara may be summarized as follows: "The authority to abrogate the plaintiff's work contract upon request by martial law authorities has been given to the employer with the condition that legally prescribed payments to the worker must be made. As the law does not contain any stipulation maintaining that seniority payments need not be made in the event of contract abrogation in pursuance of orders by the martial law command, it cannot be claimed that the plaintiff's work contract has been abrogated with good reason. Moreover, it is unthinkable that the martial law command would seek to deprive of legal rights a worker with no source of income beyond his labor."

The number of workers who have been dismissed from the Municipal Government of Istanbul as well as other workplaces on the basis of the authority given to martial law command centers and on grounds that the presence of the workers in question at the workplaces "constitutes a hazard" has reached several thousands. As it is impossible for the authorities at martial law command centers to individually know those workers whose presence at the workplace constitutes a hazard, lists originating from the workplace are being used. Written complaints and investigations to martial law command centers are indicating that managers are not being fair in the preparation of the lists and that personal animosities as well as personal interests are becoming involved. Nevertheless, what

is of real importance is that workers with many years of seniority on the job are losing their jobs without the existence of a reason in the form of a specific offense as defined by Article 17/2 and without receiving severance or seniority pay. A non-negligible number of workers among those being dismissed are only one or two years away from retirement.

Workers who have been placed under observation, imprisoned and later released also constitute an important group. The majority of the persons in this category were arraigned in connection with the trial involving the Confederation of Revolutionary Workers' Unions. At this time, the lawsuit concerning the Confederation of Revolutionary Workers' Unions remains directed against the top 52 leaders of the organization. It has not yet been determined whether additional lawsuits will be initiated in this context. Nevertheless, persons who were taken into custody in connection with this investigation and subsequently released have not been given notices of acquittal. The same situation applies to other investigations and lawsuits based on denunciations or earlier illegal activities at the workplace. A vast majority of persons who have a writ of release but not a notice of acquittal are not being allowed to return to their jobs and more importantly, are unable to find work anywhere else.

The same embargo is being applied to those who used to work for the Confederation of Revolutionary Workers' Unions and the unions affiliated to that organization before having their work contracts abrogated. This has resulted in the creation of a special group of unemployed persons which is continuing to increase in numbers. As a form of punishment, these persons are being denied employment and pushed to starvation with their families.

With all of this, we are not concluding or requesting that offenses go unpunished. However if an actual offense has indeed been committed, punishment should be imposed within a framework of law. This would entail the holding of trials. How can placing an embargo on a worker's only source of income or his labor be placed within the limits of compassion or made compatible with equity? More importantly, to what extent would labor tranquility or social order be damaged in result? Unhealing wounds would be opened within society.

9491

CSO: 4654/363

## KOPRU EXAMINES CHANGES IN BANKING POLICY

Istanbul CUMHURIYET in Turkish 5 Jun 82 p 6

[Article by Murat Kopru: "Banking System Turns to Control of Money Volume"]

[Text] Deputy Prime Minister Turgut Ozal said in a speech in Elazig on 16 May, "The banks will be faced by important changes in the days ahead." Starting on the first of June, barely 2 weeks after the utterance of these words, new communiques were being published one after another. First, a new policy was promulgated on supplemental reserve deposits at the Central Bank. Two days later, the banks' authority to maintain a foreign exchange position was expanded and it was required that supplemental reserve deposits be made at the Central Bank on the total of compound interest pertaining to the interest rate on time deposits.

This sudden reorganization of the banking system is being described generally as an effort by the government to put tighter controls on money-credit volume and circulation. The authorities say they have taken these measures because credit demand has not declined despite high interest, and the banks, failing to make the required deposit at the Central Bank of their supplemental deposit reserves on time and putting them on the market as funds, were stimulating inflation. Likewise, the new arrangement allowing banks to hold a foreign exchange position is seen as a means to the same end.

The changes introduced by the reorganization and the results they aim for may be summarized as follows:

The new basis for the deposit at the Central Bank of supplemental deposit reserves comprises three primary changes: Reduction of the interest paid by the Central Bank on supplemental deposit reserves, raising the penalty rates when supplemental reserves are not deposited and reducing preferred supplemental reserve rates.

The goals which these changes strive for are:

--Raising penalty rates will ensure that the banks make their supplemental reserve deposits on time, thus preventing their putting these supplemental reserves on the market as credit. This will also facilitate the Central Bank's control over money-credit volume by means of the supplemental deposit reserves.

--Raising deposit costs to the banks will prevent their paying higher interest on time deposits.

--Reducing the rates on preferred supplemental reserves will bring about a shift of credit to the areas on which the government has placed priority. In this way, bank credits will to an extent be brought into conformity with the general economic policy. The communique of 3 June on "Expansion of the Banks' Authority to Hold a Foreign Exchange Position" introduces the following policy for banks empowered by the Central Bank to hold a foreign exchange position:

--The banks will be able to open interest-bearing foreign exchange deposit accounts and make any kind of imports on their own. The banks will be free to set exchange rates in the foreign exchange transactions they conduct among themselves.

--The banks will be able to hold as foreign exchange up to 10 percent of their previous year's foreign exchange earnings from exports and on current accounts.

--Payments to be made out of the foreign exchange obtained will be done on a priority basis. "First priority" will go to exporters' import requirements.

This reorganization has prompted a variety of interpretations. Some describe it as a new stage in the transition to convertibility and opening up the banking system to foreign competition. Others interpret it as a way of giving the banks a more active role in foreign trade relations. The authorities, however, say these arrangements are intended to increase the banks' hard currency earnings to compensate for losses sustained in the reduction of interest paid on supplemental deposit reserves. There is a widespread view, however, that this policy was devised so that the acceleration of incoming foreign exchange now expected will not lead to inflation. That is, the reorganization may be described as a measure aimed at government oversight of foreign currency, thus complementing the effort to regulate the domestic money-credit market in the first communique. Likewise, specifying that priority in payments made out of the incoming foreign exchange will go to exporters' import needs will ensure that foreign currency is directed into channels conforming to government policy.

Also according to the 3 June communique, the Central Bank specified the supplemental deposit reserves which are graduated according to compound interest principles and set a supplemental reserve principle of up to 40 percent. This communique introduces a conditional freedom in interest rates. Or, to use a more accurate term, a specific "self-control" mechanism is built in for the banks. If the interest paid on time deposits is raised, higher supplemental deposit reserves will have to be deposited at the Central Bank. This will increase their cost also. Therefore, it looks as though interest rates have been left free, but in fact raising interest is being prevented.

8349

CSO: 4654/350

## EXPORTERS FORECAST 1982 FUTURE

Istanbul CUMHURİYET in Turkish 7 Jun 82 p 6

[Interviews with leading exporters by Meral Tamer: "What Do Export Champions Expect for 1982"]

[Text] Deputy Chief [as published] Turgut Ozal says that 1982 will bring \$6 billion in sales abroad, but it is worth noting that some of the leading exporters of the Istanbul Chamber of Industry [ICI] are not optimistic for this year and do not quite agree with this target of Mr Ozal's.

During the awards ceremony honoring the ICI's export champions, we asked 8 of the top 10 exporters what kind of results they expect for 1982. Three of the exporters we interviewed seem hopeful for this year, while the rest shared the view that they will be hard put even to hold on to last year's export figures because of growing geopolitical instability in the Middle East this year and the cut-throat competition among firms at home for foreign markets.

General Director Gonencel of the champion exporter, OTOMARSAN:

"We sell city and intercity buses to Middle Eastern nations. The dollar value of our exports last year was \$61.5 million, a 100-percent increase over the previous year. But political unrest in the region will make it very difficult for us to hold on to that figure this year. It is not just a question of our branch making sales. We have to take in service stations as well. So it is pretty difficult to jump from market to market. Nevertheless, we have had to turn to new markets this year because of this situation in the Middle East. We are going into the Indian Ocean side of Africa -- Kenya, Uganda, Mozambique and Somalia, to be specific."

Omer Dinckok, partner in second-place winner AKSA Acrylics:

"We sell acrylic fibers, a textile raw material, in Western Europe. We have no problem finding markets. If we hadn't had to supply the domestic market, we could have raised our export figures much higher than this year's \$21 million. We work with the latest technology in Europe. We plan to have \$50 million in exports when our expansion is completed, that is, in 1983."

General Director Talat Orhon of third-place winner, SISECAM [glassworks]:

"I would like to say first of all that this evaluation is in error. We at SISECAM had \$70 million in exports in 1981. Our goal this year is \$100 million. But the groups within a conglomerate were listed separately in the Chamber of Industry list and Pasabahce [subsidiary] was therefore shown as having \$19 million in exports. I can say, moreover, that our conglomerate is the largest exporting concern doing its own marketing of its own products, made without imported inputs. We are the only business able to sell \$70 million worth abroad after meeting in full our country's glass requirements and 65 percent of its glassware needs. In evaluating exports, they ought to be looked at from the standpoint of what the import input is and how much the added value is."

Josef Turker, owner of fourth-place winner, Sark [Eastern] Carpets:

"We had \$18.7 million in exports last year. But it will be impossible for us to maintain this figure this year. The recent regulations concerning unsecured commercial loans did us in. Some of our competitors are ruining prices by reckoning their firms abroad in their unguaranteed commercial receipts in Turkey and are able to sell rugs a great deal cheaper. Besides this, people who have nothing to do with rug-making are getting cheap export credit and entering cut-throat competition on the foreign market against the true rug-makers. This is a very bad year for rug-makers dealing in foreign exchange."

Hasan Gulesci, general director of fifth-place winner, Lassa Rubber:

"To increase our \$13 million in exports in 1981, we will have to bring exports up to the level of our imports which are around \$19 million. But the cut-throat competition among home firms for the foreign market is damaging, not just on a company basis, but for the national economy. This is our biggest complaint. But we have to seek ways to find buyers abroad in order to survive, as it is impossible for the domestic market to absorb our capacity."

Unsal Anil, general director of sixth-place winner, Arcelik [home appliances]:

"Bearing in mind the growing political instability in the Middle East this year, I think it will be very difficult for us to top last year's figures. In my opinion, we need to seek stable markets. We have turned to Western Europe, and West Germany in particular, for this purpose. The first test projects we sent were successful as to quality, size and shape. We will use a different brand name to market our products in Germany."

Abdurrahman Okumus, partner in seventh-place winner, Western Clothing:

"We at Okumus Holding had \$83 million in exports last year. Western Clothing, a member of our group, is the company having the highest exports in textiles with \$14 million in exports. All the goods we sell are made from our fabric. Okumus Holding will come close to \$150 million this year."

Mehmet Gurel, ninth place:

"The real hazelnut exporters had a very difficult year in 1981. Recipients of cheap export credit destroyed the foreign markets by underselling. The old-line exporters were unable to sell abroad because of this competition. They were selling the same products for half the price, so then we had to cut prices too. We could only get \$180 last year for the same amount we sold for \$400 in 1980. So you figure our losses. We were in second place in 1980 with \$19.6 million in exports, but even though we exported the same amount in 1981, our exports dropped to \$11.6 million, bringing us in at ninth place. This year is going to be even worse."

8349

CSO: 4654/350

## VAN MIERT ON ROLE OF OPPOSITION, GOVERNMENT ECONOMIC POLICIES

Brussels KNACK in Dutch 30 Jun 82 pp 30-32

[Interview with Karel van Miert by Marc Reynebeau]

[Text] What occupies the mind of Karel, chairman of the SP [Socialist Party], these days? He probably has mixed feelings. For the first time since he succeeded Willy Claes as chairman of the party in 1977 he has to lead the SP in the opposition, removed from the levers of power, angry because of the majority's influence on broadcasting, disappointed over so many firm but nevertheless broken oaths, peeved at what he says is the distorted picture drawn of him and his party. But the balance that he casts of the Martens V cabinet's first 6 months comes out unmistakably negative, and he says somewhat triumphantly that the socialist analyses and proposals will later be shown to have been right.

Karel van Miert: Being in the opposition does not change much for me. You are under less pressure. Formerly, when we had, for example, to make up a budget, there was always the question of whether too great a gap was growing between what was being done at the government level and the party's positions. I believe we stuck to our positions consistently before, during, and after the elections. In the opposition we do have a chance to work this and that out somewhat more deeply and can tell from the nervousness of the present majority that we are on the mark, without having to make a change on that account in comparison with the earlier policy.

Being in the opposition also means, however, that we have less hold on things, at least in the short run. Hence also the difficulty of getting a hearing for our positions or comments. The fact that the government has plenary powers means that a great deal less attention is devoted to parliamentary work. That the parliament itself has curtailed its powers in legislative work makes it very difficult for the opposition to make itself heard seriously in the most normal, most democratic way. Nevertheless, I believe that the Flemish socialists have seized every chance to work in the opposition in a responsible manner, as it is their duty to do. Sometimes to the point of panic in the majority; there is not an article in the plenary powers act that has not had to be changed. By the pressure of government announcements on the radio and television and the blackmailing of the BRT [Belgian Radio and Television--Dutch Service], too, balanced reporting has been pushed in a direction that is certainly not unfavorable for the majority. I have given out figures on that. You can get the impression from this that there is no active opposition.



[Question] We did get the impression that in the first months of your time in the opposition the government was rushing along like a (plenary powers) train and there was nothing to report in the Keizerslaan but calm.

[Answer] That is not entirely correct. The government, for example, had to wait a month before it got its plenary powers through parliament, partly because of the criticism and the observations that it had to listen to from the SP. There was an effective opposition immediately. But then as soon as the government got its plenary powers it could put its train on the tracks. What do you do then? As a democratic party you can offer criticism, but very little attention is paid to it. Throughout the period we have hardly been allowed to make ourselves heard on the BRT. In the overwhelming majority of the press it was just the same. But the way we get shot at by the pro-government press establishes our case. A few examples: To deny that parliament is out of the game is to refuse to see what is before your eyes. To say as Karel Blanckaert, leader of the CVP [Social Christian Party] parliamentary delegation, did, that it is the opposition's fault, you have to have fallen on your head. We have always said that modest and medium-sized incomes must be safeguarded against taxes, and that those who are taxed must know what happens to the money. Now it is clear that they are working with a blank check; the ACV [Confederation of Christian Trade Unions] must admit that. We have said that price controls would serve no purpose; the ACV must admit we are right. Even some from within the majority have had to admit we were right in connection with that famous relief-work plan. Take inflation: it is practically 10 percent now; it is going even faster than we had predicted. Take the budget: according to Willy De Clercq (PVV [Party of Liberty and Progress]), the minister of finance, less than a year ago it was not to be higher than 170 billion [Belgian francs]. The coalition agreement says 200 billion francs, it has since grown to 252 billion, and is now evolving toward 350 billion francs. Nobody can still defend the government's objectives of a few months ago. And what has become of the upswing in the construction sector? Certainly there would have been better results if our proposals on that matter had been followed.

[Question] To the majority parties the socialists are the *bête noire*; they were never willing to economize; it is their fault.

[Answer] It is remarkable how myths can be created in a very short time. In the first place, it is by no means correct to lump the PS [(French-speaking) Socialist Party] and SP [(Flemish) Socialist Party] together. Then, too, it has apparently been forgotten that all that squabble within the CVP, the guerilla warfare between Tindemans and Martens, weighed upon the conduct of government for years, that the "honor and conscience" of the CVP members of parliament plays no part today: parliament itself has been put out of action. When Martens showed up last year with his 33 billion francs in cutbacks, almost all of the proposals came from us. The CVP opened their mouths wide to cut back 100 billion francs, but when it came down to it the savings could not be found or they shot it down themselves. Who was it that suggested at the time that the children's allowance should be lopped off for those with higher incomes? We proposed solidarity contributions for higher incomes. That, of course, did not take care of the whole problem, but we, and certainly the SP, cannot be blamed for that.

Martens congratulated Freddy Willockx at the time on his obligatory postal check account for state employees, by which the authorities were supposed to get a little financial breathing space; now that has simply been swept aside. We could not accept Martens's emergency plan of last year because it placed nearly all the burdens on the modest incomes; the ACV did not accept it, either, but a few months later we were accused in the ACV newspaper of having drawn up the plan! What kind of hypocrisy is that? In time one might begin to doubt whether any honesty is still possible in politics. And then the deceit: the PVV promised people "86,000 francs more for you." The PVV always shot down the textile plan, but the billions were paid out; the steel plan: not only was no less paid out; on the contrary, a great deal more has been committed.

[Question] Are you also disenchanted in the figure of Wilfried Martens? In an earlier interview you said: "It is difficult to work with the CVP, but Martens is willing to listen to reason."

[Answer] I do not like to be personal, but I have learned that the firmest oaths can be broken. I had never thought that the breaking of agreements on the composition of provincial deputations (in East Flanders and Limburg) could happen with a CVP in which Martens had something to say about it. This disenchants me, because I have always kept faith with him and because I have even stuck my neck out for him a few times when he was in a tight place, for example in the commonalty question.

[Question] And how does it stand now? Have you an alternative to the present government policy or not? It is said that your last year's "Labor Plan" does not offer much.

[Answer] Whoever says that shows that he does not know the plan. Even if an economic growth comes again, the problem of unemployment cannot be solved. That can only be done in part by the service sector, health care, etc., where there are great needs. That fits in with the idea of the third job circuit. We are with the CVP on this analysis, not the PVV. We had worked out a concrete financing plan for it.

In the government we were *countered*, not so much because the CVP was not in agreement with our analysis, but apparently because they begrudged us that political success. But it will obviously be necessary to move in that direction, and even the sacrifice efforts will be oriented toward this sort of job-making. Even within the [trade union] movement that has not always been properly understood. But it was the financial problem that prevented us from going in that direction, and also the political obstinacy of the CVP. Another idea is shortening working hours, which we have supported for years. Today everybody is talking about that. We are now busy putting all this into practice and supplementing it. As far as that is concerned we shall certainly go on the offensive, for our analysis is being confirmed more and more as time goes on.

[Question] Are you not afraid that a policy that is ideal for you will be obstructed by EC constraints, just as the French socialist President Mitterand has learned from experience?

[Answer] Yes, that is evident. We are now in a crucial phase, in which the neo-liberal policy in the United States and Great Britain, with variants of it elsewhere, puts a very heavy mortgage on what is done in West Europe and elsewhere. The monetary policy of the United States is pushing Europe deeper and deeper into an economic morass. There is a complete contradiction between the *blah-blah* of Western solidarity and the concrete monetary and economic policy of the United States. But what is happening at the Atlantic level is also happening at the European level: everybody is busy pushing his own difficulties off on others. It was primarily for political reasons that Belgium devalued its franc--to stimulate exports. It did not take long for the French to draw their conclusions from that. And what will happen tomorrow?

As a small country we certainly cannot make an abstraction of that. To do that in order to indicate that no other policy is possible makes no sense. But if we keep on doing what we are doing, we shall get into still more problems. It must not be thought that if we keep asking for more sacrifices we shall in that way prop up Belgium's competitive position. Surely nobody believes that Belgium will be allowed to get much of a head start on that plane? In the meantime it will further undermine consumption, burden the budget...

[Question] But we are beginning to get the first victory bulletins from the Wetstraat: recovery has begun.

[Answer] Victory bulletins? You clutch at whatever you can get hold of. Eyskens's victory bulletin: We have inflation under control. But right now it is 10 percent! Toward the end of the year it will be 11 to 12 percent, as we predicted. It has been said that if we get 2-digit inflation, the devaluation can be regarded as a failure. We are right next to it. Is the budget a success? Far from it. Price control? No more so. Unemployment? No more so, and the prospects are anything but positive. Recovery of our competitive position has been going on since 1980 and will perhaps be undone before long by measures taken by other countries. The balance of payments does look better, but if we did not get that from a devaluation, the whole thing would simply be hopeless. The balance is clearly negative and there is no favorable prospect. In spite of all efforts the trend in investments is still negative. All this illustrates the government's naiveté--it asked no guarantees from the economy and did not assign a more active rôle to the public sector.

[Question] Another thing about parliament: for years there has been talk of an energy debate, and then when it comes there are hardly 10 percent of the members present if that.

[Answer] I find that a real disgrace, that an issue in which there is undoubtedly a great deal of public interest and on which a choice must be made for years to come gets only that meager interest. That is inexcusable.

[Question] Not so many SP members of parliament can have been there, either.

[Answer] I do not know how many were there, but I do know that the SP has been very active on the committee.

[Question] On the missile question, one of your hobbies, you have now found an objective ally in the person of CVP chairman Frank Swaelen.

[Answer] Yes, you see how things can evolve there, too. Apparently we were right too soon. Ditto for Zaïre. You may remember the uproar when we wanted to have a motion voted on in the Second Chamber in favor of the imprisoned members of parliament in Zaïre, and today the CVP is complaining of the fact that jurists cannot go to Kinshasa for the trial of the members of parliament. You may remember the filthy insinuations against us in the missile case, but after a great delay we are now getting support. But the CVP position is still very ambiguous, and I am wondering what attitude the CVP will take after the municipal council elections. But honor to whom honor is due: I must not omit to mention the efforts of all those action groups in the matter, but it must not be denied that we were the ones that prevented a decision on the installation of the missiles from being reached in the government.

[Question] Experience with the regional governments shows that the state reforms, on which so much political energy was spent, function poorly: there is no money, and the division of powers between the national government and the executives is totally unsatisfactory. You are one of the architects of the lame constitutional change.

[Answer] We must indeed muster up enough self-criticism to recognize that. But it is also a fact that the matter is not finished and that it has now gotten to be a sort of bastard. In any case we must arrive at a better demarcation of powers, and the financial responsibility must also be more clearly fixed. It is not healthy for anybody to be empowered to make expenditures when he is not responsible for the revenues.

[Question] Are you not afraid of a snowball effect? If the executives are to be given a consistent set of powers in regard, for example, to health care, there really cannot fail to be a splitting up of the RIZIV [National Institute for Illness and Disability].

[Answer] It is a fact that all sorts of blocking mechanisms are built into the mixture of powers. The big debate will indeed have to be over the consistent division of powers, and it is by no means the intention to turn the clock back. If we want federalization, it must be done in earnest.

[Question] You have now been chairman for 5 years. What kind of balance sheet can you show for that lustrum?

[Answer] There is a positive and a negative side. Thus far we have not fully succeeded in carrying out the renewal in all its consequences. It takes longer than would be desirable. There is a feeling that things are changing; in spite of our image as an aged party, at the last elections we did very well by young people. What we have been able to do nationally--everybody will admit that we have a smart team of members of parliament--is not being done adequately at the local level. The political working of the divisions also leaves a good deal to be desired. Electorally we have not gained, but that happens after four and a half years of participating in the government under very difficult circumstances. We have been able to rebuild a number of things, our study center for example. As we have gotten out of the unitary structure, we have

been better able to establish our identity. As for content, in quite a number of fields we have been able to go on the offensive with original ideas, which have now begun to filter through politically. But there have been ups and downs, and sometimes we have knocked our heads against the wall.

[Question] The smart new team of members of parliament you were talking about are not always appreciated in their own federations, to put it mildly,

[Answer] That need not remain true in the future. You have to show you are equal to the job. That is a piece of political conflict; that is just the way things are. But in the meantime they are there, and that happened in a relatively short span of time. Such a thing may simply fall from the heavens, but you have to be able to make it good on the ground.

8815

CSO; 3105/194

## NORMAL TIES SOUGHT WITH ATHENS

Nicosia CYPRUS WEEKLY in English 25 Jun-1 Jul 82 p 28

## [Text]

The Cyprus government is doing everything possible to get relations with Athens back to normal. Foreign Minister Nicos Rolandis said yesterday.

Replying to an attack by Opposition leader Glafkos Clerides, Rolandis said the Kyprianou government was "fully aware" of the importance of harmonious relations between Athens and Nicosia.

Any shadow over such relations would make only the Turks happy and certain others here in Cyprus who are trying to make political gains out of this situation, he said.

"The Cyprus government is doing everything possible for the normalisation of Athens-Nicosia relations and will continue to make efforts in this direction", he said.

Rolandis refrained from any comment on the Akel-Diko pact which caused the strain between President Kyprianou and the Greek Prime Minister Mr Papandreou.

But he indirectly criticised Akel for calling Papandreou's remarks about the Akel-Diko minimum programme 'crude interference' in Cyprus affairs.

Rolandis said: "Expressing an opinion on the Cyprus problem by the Greek government certainly does not

constitute interference. But if there was an attempt by the Greek government to take decisions in place of the Cyprus government or to influence internal politics in Cyprus, then this would amount to interference - something which Mr Papandreou neither wishes nor seeks as he himself has repeatedly stated".

Rolandis was replying to a challenge by Clerides who asked him what steps he was taking to improve relations with Athens, marred by the Akel-Diko alliance.

## 'A lie'

The government spokesman, in another reply to Clerides, said President Kyprianou "has made and will continue to make every possible effort for the full restoration of relations between Athens and Nicosia, with a sense of honesty and responsibility".

Akel deputy leader Andreas Fantis, speaking in the House of Representatives yesterday, denied Akel had insulted Papandreou. This was a lie, he declared.

"Akel did not insult Papandreou. Akel did not intend to insult him or the Greek government. We expressed our opposition to remarks made by the Greek government spokesman. We made severe criticism, yes, but there were no insults."

CSO: 4600/626

## EDEK LEADER EYES PRESIDENTIAL ELECTION

Nicosia CYPRUS WEEKLY in English 25 Jun-1 Jul 82 p 2

[Text]

Socialist leader Dr Vassos Lyssarides is thinking of stepping down as Edek Party leader in order to fight President Kyprianou in the forthcoming presidential election as an "above-party" candidate, Akel deputy chief Andreas Fantis asserted yesterday.

Speaking during a debate in the House of Representatives, Fantis also claimed that some time ago, at a formal meeting between Akel and Edek delegations, Lyssarides had agreed to cooperate with the Communists in the coming elections, provided he (Lyssarides) was the only candidate.

"Lyssarides agreed then on the need for collaboration on the basis of a common minimum programme, provided Akel supported him as presidential candidate", he said.

**'No chance'**

When Akel rejected Lyssarides' condition, the So-

cialist leader joined forces with the Right wing Opposition Democratic Rally in attacking the pact and the minimum programme worked out between Akel and President Kyprianou's Diko Party, he added.

Fantis alleged that when both Lyssarides and Rally leader Glafkos Clerides realised they had "no chance whatsoever" at winning the forthcoming poll, they began making behind the scenes efforts, with the help of third parties, in order to find a common candidate to fight Kyprianou.

It was in this context that Lyssarides and the Edek leadership were considering the possibility of Lyssarides resigning as Edek chairman so that he could stand as an above-party candidate, Fantis told the House.

In his long speech, Fantis also asserted that there was "nothing" in the Akel-Diko programme that clashed with Greek Premier Andreas Papandreou's strategy on Cyprus.

He also defended the procedure of the intercom-

munal talks in conjunction with "internationalisation" efforts. If Greek Cypriots accepted the slogan that there should be no talks unless Turkey first pulled out its occupation troops from Cyprus, then the result would be legalisation of the facts accomplished and perpetuation of the island's de facto partition, he argued.

**'Surrender'**

Edek Deputy Yiannakis Omirou charged that President Kyprianou's pact with Akel and their minimum programme clashed with the Nicosia-Athens line and undermined the Greek government's "international crusade" for Cyprus, and the stand that the intercommunal talks could not succeed as long as Turkey maintained occupation troops on the island.

He claimed Kyprianou had surrendered public and national interests for the sake of his "sole" goal of getting re-elected.

"The present leadership cannot stand up to the needs of our struggle... the country needs a change", he declared.

CSO: 4600/626

## CYPRUS AIDS LEBANON, REFUGEES

Nicosia CYPRUS WEEKLY in English 25 Jun-1 Jul 82 p 28

[Text]

The Cyprus-registered Red Cross relief ship "Anton" sailed into Haifa yesterday afternoon, taking 550 tons of food, medicines, clothing, blankets and tents.

The veteran cargo boat, which shuttled back and forth between Jounieh and Larnaca during the height of the Lebanese civil war in 1976-77, now flies the flags of Cyprus and the International Red Cross.

It sailed to the Lebanese port of Sidon last week but was turned back by the Israeli authorities who said that the approaches to Sidon were too dangerous. Final clearance was received on Wednesday afternoon and the ship sailed the same night.

**1,600 tons**

The relief supplies were then transferred on to Red Cross lorries with Swiss number plates and driven to South Lebanon.

A second relief ship is currently being loaded in Larnaca but a spokesman for the International Red Cross could not disclose its name or say when and where it would go, except that it would be ready to sail either over the weekend or early next week.

Another ship, the "Flora", chartered by the West German Red Cross, was due in Lebanon from Mozambique late last night, but the IRC delegation here had no information on it.

More than 1,600 tons of relief supplies were bought and received during the past 12 days by the IRC delegation based in Larnaca, and shipped or flown to Lebanon through Haifa, Tel Aviv and Damascus. Nearly 1,100 tons of this were bought locally in Cyprus.

An Air Botswana Hercules transport plane arrived at Larnaca airport yesterday to start shuttle flights of emergency supplies to war-torn Lebanon. "The first flight is due to leave for Tel Aviv tomorrow and the next one will go to Damascus", IRC spokesman Mrs. Inge-lore Frank explained.

At present, she said, the plan is to send one plane load a day but "according to the needs of the time they can go up to three flights a day".

At least nine plane loads of supplies have arrived at

*More evacuees due today*

Two more shiploads of evacuees - American, British and Commonwealth - are due to arrive in Larnaca today from the northern Lebanese port of Jounieh.

The British are expected to arrive on the 4,500-ton container ship "Royal Prince" and last night officials at the British High Commission were unable to say how many would be on board, but added that the ship has a maximum capacity of 700.

These officials said the crew of the Royal Prince had been joined by a team of service personnel provided by the British Sovereign Bases, which includes two doctors and a number of nurses.

A British spokesman

said: "There are still enough seats on commercial flights out of Cyprus for some 40 to 50 to fly out in the next few days". If there are more evacuees who want to go to Britain, then the possibility of chartering a plane has been considered.

The spokesman did not think the majority would want to stay in Cyprus as he believed a large number would be Commonwealth citizens.

The American group is due to arrive on board a U.S. Navy transport vessel. A spokesman for the American Embassy here said it could carry several hundred passengers but added, "this is entirely dependent on who shows up at the docks in Jounieh".

CSO: 4600/626



## FINANCE MINISTRY DENIES INSOLVENCY

Nicosia CYPRUS WEEKLY in English 25 Jun-1 Jul 82 p 4

[Text]

The government has denied a report in the Opposition daily "Alithia" that it has run out of money and cannot afford to pay its employees.

There is enough cash in the government coffers, the Finance Ministry said. But it also admitted that the government is negotiating with a consortium of European banks for the raising of a large loan.

Opposition leader Glafkos Clerides, in a question tabled in the House, claimed that the government would be unable to pay public servants their salaries "if it does not secure a loan from overseas in the next few weeks".

In reply, the Finance Minister said: "Liquidity in the public sector is maintained at satisfactory levels".

Clerides said the government was trying to raise a 70m. dollar loan from a consortium of EEC banks while 'Alithia' claimed the negotiations over the loan had run into difficulties because of "burdensome conditions" which the Cyprus government could not meet.

In its reply the Finance Ministry described the report as unfounded and said: "On the contrary, although the negotiations have not yet been completed, from the preliminary discussions car-

ried out with the group of banks concerned, it has emerged that the conditions will be more favourable than those put in previous loans, and this shows international confidence in our economy".

The Ministry admitted, however, that Cyprus faces a serious fiscal deficit, something which is obvious from the annual Budgets tabled in the House.

It maintained that the deficit originated from the time of the Turkish invasion when the government had to take a series of measures to help the refugees and reactivate the economy.

To cover this deficit, the government had to resort to borrowing from local and foreign sources, it said.

It denied that the loans raised locally (in the form of debenture stocks) were such as to create problems for the commercial banks. Such stocks carry an 8% interest, much higher than the interest paid by commercial banks for deposits, and there have been reports that the banks are contemplating a protest to the Central Bank over such "unfair" competition.

The amount of loans floated is low and does not cause any problems to banks, the Ministry said.

Finally, the Finance Ministry repeated that the island's foreign exchange reserves are healthy since they are kept at "well above international safety levels" and cover about six months of imports.

CSO: 4600/626

## BRIEFS

**AKEL LEADER'S BODYGUARDS ARMED**--The bodyguards of Akel leader Papaioannou are not uncontrolled civilians but special party-member constables who have taken an oath, an Akel spokesman said yesterday. He was commenting on a statement made by Rally deputy Mr Papares in the House of Representatives that the government had provided arms to Akel which the party hands to its members to guard their leader. The spokesman said that Akel had rejected an offer made during the lifetime of Archbishop Makarios for a police guard for Papaioannou (as for other party leaders). Instead, the spokesman said, Akel asked that a limited number of Akel members be sworn in as special constables to take care of the protection of Mr Papaioannou and other Akel leading members. The Makarios government agreed. Police control is exercised on these special constables who are from time to time called to produce their arms which are mainly pistols. The spokesman noted that in contrast to this method which costs nothing to the state, "tens of policemen" are used to guard Mr Clerides and Dr Lyssarides at a cost of "tens of thousands of pounds annually" when overtime is also taken into account. [Text] [Nicosia CYPRUS MAIL in English 26 Jun 82 p 1]

**AKEL TO HOLD RALLY**--The communist Akel party, in a proclamation to the people calls for mass attendance of the rally planned in Nicosia and the district towns on July 14, the eve of the coup anniversary. It asks them to declare their support for the pursuit of a solution of true independence free from Turkish and foreign troops. Among the slogans of the Akel proclamation is a call for support of the minimum programme and for the victory of the "democratic collaboration" in the presidential elections (supporting President Kyprianou) and solidarity with the Palestinians and the Lebanese and condemnation of the "genocide" by Israel. The Edek rally is on July 15. The House of Representatives will meet in special session on July 15 to give the opportunity to the parties to speak on the anniversary. [Text] [Nicosia CYPRUS MAIL in English 27 Jun 82 p 1]

**COOPERATION WITH AKEL DENIED**--The socialist Edek party yesterday denied a claim made by Akel deputy leader Fantis in the House of Representatives that Edek leader Lyssarides had agreed to cooperate under a "minimum programme" provided Akel would support him for the Presidency. Mr Fantis, who was speaking in the House of Representatives, said Dr Lyssarides became a critic of the plan after his demand was rejected by Akel. But Edek says that this is not correct. There has actually been a meeting an Akel deputation comprising Mr Papaioannou and Mr Fantis (Akel leader and deputy leader) and Dr Lyssarides and Edek General Secretary Hadjidemetriou at which they proposed collaboration on their "minimum programme" and for support of Kyprianou for the Presidency. However both the "programme" and the support for Kyprianou were found unacceptable and there was no continuation of the contacts, according to Edek. [Text] [Nicosia CYPRUS MAIL in English 26 Jun 82 p 1]

CONFUSION OVER INTERCOMMUNAL TALKS--New statements made during the last twenty-four hours by the Rally Party and the government about the approach to the intercommunal talks leaves the situation as confused as ever. The government spokesman, was asked yesterday if the proposed appeal to the United Nations if no progress is made "within a reasonable time" remains valid. He replied: "Yes". Meanwhile Foreign Minister Rolandis made a statement answering one from Rally leader Mr Clerides. He said that, during a recent meeting in the U.S.A. with the State Department officials in charge of the Cyprus problem Mr Bartholomew, he was told that the whole Western world headed by the United States solidly considers the intercommunal talks as the only process for the search of a solution. Mr Rolandis notes that Mr Clerides has always declared that the Cyprus solution will come from the West and asks him to say if his latest statement against the intercommunal talks means he is in opposition to the West. On the other hand the Rally persisted in his charges that the President and the government are responsible for the disturbance of relations with Athens and that it was no use trying to blame the opposition for impeding conciliation. [Text] [Nicosia CYPRUS MAIL in English 27 Jun 82 p 1]

NO FUNDS FROM GERMANY--The Rally Party yesterday denied as "slanders" reports in "Eleftherotypia" that Mr Clerides, during his last visit to Germany, had talks with the Christian Socialist party of Mr Strauss and had arranged financial support from that party for the election campaign. It said Mr Clerides had meetings with officials of the Christian Democratic party before the Paris meeting in July of European democratic parties at which he intends to raise the Cyprus problem. He did not meet any representative of the Christian Socialists and has neither sought nor received any money from foreign governments or parties. "Our only sources of income is from members, friends and supporters", the Rally said. [Text] [Nicosia CYPRUS MAIL in English 29 Jun 82 p 1]

CSO: 4600/629

## NAMES OF HIGH OFFICIALS SURFACE IN BRIBERY INVESTIGATION

Hamburg DER SPIEGEL in German 5 Jul 82 pp 17-19

[Unattributed article: "You Need a Good Lawyer"]

[Text] A list of names and numbers has Bonn's high officialdom worried. When the Flick concern's headquarters was searched a document fell into the state prosecutor's hands containing a list of names of well-known political figures. Were they the recipients of payoffs? During the past few days, the names of Willy Brandt, Walter Scheel and Alfred Dregger have surfaced. CDU chairman Kohl is said to have received "several thousand Marks" some years ago.

With a smile on his face, Willy Brandt asked to have the floor once again after delivering his report on the situation to the SPD presidium.

There was a matter, he said 2 weeks ago last Monday night, that he did not wish to keep to himself. He was interrogated a few hours earlier by the Bonn state prosecutor's office in connection with an investigation of suspicion of bribery on the part of prominent Bonn political figures which has been going on for several months. Those involved include Ministers Lambsdorff (FDP), Lahnstein and Matthoefer (SPD); former Economics Minister Hans Friderichs (FDP), who now heads the Dresdner Bank; former North Rhine-Westphalian Economics Minister Horst-Ludwig Riemer (FDP) and the present Economics Minister of Baden-Wuerttemberg Rudolf Eberle (CDU).

The investigators, Brandt said, had queried him as a witness and shown him documents found during searches of the Duesseldorf headquarters of the Flick concern. At that time, a list had fallen into their hands which contained the names of leading political figures some of whom were supposed to have received rather substantial sums of money from the firm. The list—strange to say—included his own name, the party chairman added.

He was said to have received money from big capital: DM 40,000, DM 50,000 and DM 100,000 in the years 1975, 1978 and 1980.

He could not figure out, the chairman continued, "his voice betraying a mixture of dismay and irony," as one of those present put it, how his name got on the list. Of course he did not get a penny from Flick; which is what he also told the investigators. Unfortunately, Brandt added jokingly, he was unable to help the party out with sums of this magnitude.

One of the presidium members did not think the incident funny at all. Lawyer Hans-Jochen Vogel advised the party chairman not to take the matter lightly. Such a suspicion, once it became public, could not simply be sloughed off. "If I were you, Willy," Vogel said, "I would look for a good lawyer."

Brandt took Vogel's advice to heart. He had lawyers look into how he could protect himself against being unjustly listed on a payoff roster. They told him that there was hardly a thing he could do for the time being.

On 24 June, he had the head of his personal staff, Klaus-Henning Rosen—himself a lawyer—send a letter to Flick chief Eberhard von Brauchitsch which said "that the name of 'Brandt' appearing in the aforesaid document could not refer to the chairman of the SPD, Willy Brandt or that the author of the document—who must assuredly belong to the Flick concern—either erroneously or improperly included the name of the chairman of the SPD among the list of recipients of monies paid out by the Flick concern."

Rosen also asked Brauchitsch to comment on the matter. Last Friday, Brauchitsch's office sent a reply. "Much to his regret," the letter said, "Herr von Brauchitsch is not in a position to comply with Herr Brandt's request for clarification of the matter raised by you. The state prosecutor's office has not made the documents mentioned by you—which did not originate with him—available to him as yet."

During the course of its investigation of the suspicion of bribery, the Bonn state prosecutor's office had called another prominent witness—namely former President Walter Scheel—just prior to calling Brandt. Scheel's name, too, appears on the Flick list in pencil.

According to the documents, Scheel is supposed to have received money from the firm during his term in office as President. Like Brandt, the former President categorically denied the allegation. Scheel was unwilling to divulge to DER SPIEGEL what sum of money was involved, since this would violate the confidentiality he had agreed upon with the state prosecutor's office.

So there was no money at all that changed hands ? Is it to be assumed that the Bonn investigators unearthed a counterfeit list of alleged recipients of alleged payoffs from the Flick secret fund when they searched the firm's Duesseldorf headquarters ?

Is it time for the suspected Bonn ministers to breathe easier, since their names appear on the very same documents the authenticity of which both Brandt and Scheel have challenged ? Is the Bonn state prosecutor's office

headed for a fiasco after saying 6 months ago it was hot on the trail of the biggest bribery scandal of the postwar era and has done nothing more than initiate several hundred investigations into tax evasion in connection with political contributions ?

Things are probably not that simple. The Bonn state prosecutor's office intends to prove on the basis of other cases that the documents that were confiscated are by no means all counterfeit. There is the name of Helmut Kohl, for example.

Kohl admits he received money from Flick. "It must have been a few thousand Marks of taxed money," a Kohl assistant said last Thursday, that were given to Kohl by Flick in the late seventies and transferred by him to his Ludwigs-hafen election district.

The Flick payroll also includes the name of Alfred Dregger, who presently heads the CDU ticket in Hesse. When he appeared as a witness a few weeks ago, Dregger told the investigators he did not think he had received any money from Flick during the past 5 years; but prior to that, Dregger said it was "probable" that Flick passed monies to the CDU Land organization in Hesse in connection with his name.

Senior public prosecutor Dieter Irsfeld, who heads the division for political offenses and has been working on the bribery case together with three other public prosecutors, did not feel his initial suspicions were unfounded when he reached the end of the first stage of their investigations. Instead of calling the investigation off, he started on the second phase. Since last Friday the accused are being given an opportunity to review the investigation's findings thoroughly. Persons familiar with procedures usually employed by the state prosecutor's office—such as former Interior Minister Hermann Hoecherl (CSU)—feel that this "has increased rather than decreased the likelihood of an indictment."

The Flick list is said to cover a time period from 1974 to 1981 and to include the names of about 40 more or less prominent members of the four political parties represented in the Bundestag—among them six ministers or former ministers under suspicion of having accepted bribes. Some of the names appear several times on the list with different sums of money. In all, the document includes some 80 entries.

In addition, the investigators found receipts signed by Flick managers whenever they received cash from the secret fund to pass on to politicians who are mentioned by name in most cases. Also found were a number of notes spelling out the purpose for which the politicians were to be paid.

The documents also show why the payments were made to the officials suspected of accepting bribes: Over and over again, it involves the billions earned from the sale of Flick's Daimler-Benz shares to Deutsche Bank.

The Flick group succeeded in getting the Economics and Finance Ministries to agree to the tax-free re-investment of the DM 1.5 billion realized in the stock sale, basing the decision on paragraph 6 b of the income tax law. The efforts of the SPD Bundestag fraction were to no avail. The fraction had voiced doubts as to the overall benefits to the economy with regard to at least part of the Flick investment transactions.

But it was not only those officials concerned with the 6 b approval and now being investigated by the state prosecutor who are said to have been hosted and provided with cash. Flick is said to have paid bribes to deputies as well who cannot be charged with bribery, since they do not hold federal office.

These deputies were supposed to sway others who were opposed to granting the tax benefits. Dieter Spoeri, an SPD Bundestag deputy who resolutely fought against granting Flick the tax exemption, still remembers very well how a member of his own fraction tried to strongarm him into changing his mind. The name of Spoeri's colleague is said to be included in the Flick roster with the sum of DM 35,000 appearing next to it.

It is up to the state prosecutor to offer proof for the authenticity of the documents found at Flick headquarters. There will hardly be any help forthcoming from the firm's head, Friedrich Karl Flick and his two top managers Brauchitsch and Manfred Nemitz, since all three are under indictment for bribery. The firm is afraid that hundreds of millions of Marks in back taxes might have to be paid, if worse came to worst.

The politicians who have been accused all deny having received money from Flick. The entries are said to be falsified, the ministers concerned have said, surmising that the Flick managers may have used the funds to line their own pockets.

To determine the authenticity of the documents, the investigators have called on other persons mentioned in them—with varying success.

Like Brandt and Scheel, former SPD fraction director Karl Wienand whose name along with a sum of money appears on the list has denied receiving any money. Nor could Wienand figure out entries listing large contributions to the "Economic-Political Working Group" for which he was responsible in the early seventies jointly with FDP Bundestag deputy Werner Mertes. The state prosecutor's office suspected that this organization might have distributed funds to holders of public office.

The investigators had more luck when they talked to Duesseldorf SPD Landtag deputy Hilmar Selle, chairman of the "Association of Self-Employed Persons in the SPD." Selle freely admitted that Flick paid for his campaign expenses in 1975. The public relations firm of Are received about DM 19,000 and then another DM 21,000 from Flick for working out a joint campaign strategy for Selle and his former colleague, Hans-Georg Vitt.



Years later, Selle told the investigators, Fritz Wacker, a member of the Flick management, asked him for help in obtaining tax breaks for the investment of DM 300 million realized in the Daimler deal in the Feldmuehle plant in Hagen, which is a part of the Flick concern. Selle had then used his influence on Flick's behalf with Rolf Boehme, the then under secretary in the Finance Ministry and an avowed opponent of the 6 b approval. But, said Selle, he was not paid for this intervention of his.

A notation on one of the documents from Brauchitsch's office had led the investigators to Selle. In it, Brauchitsch had asked a colleague of his to assist Selle while on a trip to Canada. Selle, the note says, deserves every attention, since he had been helpful to the Flick concern, particularly in obtaining 6 b benefits for the Feldmuehle plant in Hagen.

It is not clear as yet whether the state prosecutor's office will succeed in untangling the mess of conflicting entries and testimony and to exonerate those politicians who really had nothing to do with the Flick secret fund.

But perhaps the number of those who come out unscathed will shrink even further, since the prosecutor has found in the meantime that bribery may not only have been involved in the 6 b affair. More recently, the investigators have also been looking into the background of state subsidies running into the millions to big industry in such projects as the liquification of coal and in investments pursuant to the former tax law for developing countries.

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CSO: 3103/562



## COOPERATION BEGINNING BETWEEN SPD, GREENS IN HAMBURG

## 'No Confidence' Motion Rejected

Hamburg DER SPIEGEL in German 5 Jul 82 p 30

[Unattributed article: "Already Part of History"]

[Text] The Greens/Alternatives, still scoffed at by the social democrats a few weeks ago, have now prevented the Hamburg SPD Senat from falling.

First it was former Hamburg mayor Herbert Weichmann saying that his successor in office, Klaus von Dohnanyi was "up on a cloud" if he decided to play ball with the "Greens/Alternatives List" (GAL). And then it was Springer's DIE WELT voicing the fear that cooperation between Reds and Greens might "be the beginning of the end for this particular mayor."

But last Wednesday, there were signs of a possible new beginning in Hamburg instead. Dohnanyi, whose SPD no longer has the majority in the city parliament since its defeat in the 6 June election—CDU, 56 seats; SPD, 55 and GAL, 9 seats—will stay in office. In a show of unity and solidarity, the SPD and the GAL turned back a CDU motion for the city government to resign.

CDU parliament president Martin Willich called it "historic." At the very least, the SPD/GAL victory was a clear sign. For the first time, there are the beginnings of close cooperation between governing social democrats and a new third force in a Land.

Hamburg Bundestag deputy Freimut Duve was already talking about a "red-green social coalition" that is to govern Germany in the future. "Unless there is cooperation in the struggle for nature," Duve said, "the SPD will no longer be able to maintain its social policies."

GAL fraction chairman Thomas Ebermann, however, is quick to discount premature speculations. The joint vote, he said, did not constitute "approval of SPD policies." But on the very evening of the joint victory, SPD Land organization chief Joerg Koenig invited the Greens/Alternatives "very cordially to a first discussion" about modalities under which the GAL would let the city government continue in its present form.

Sources close to Dohnanyi view the cooperation between Greens and Reds as a "significant departure" from accepted SPD policy. The Berlin SPD, after its defeat in last year's elections—CDU, 65 seats; SPD, 51; AL, 9 and FDP, 7 seats—decided not to negotiate with the Alternatives with a view to having them tolerate socialist-liberal minority administration and instead left the job of running the city to the CDU's Richard von Weizsaecker. In Hamburg, on the other hand, the SPD is now looking for new majorities.

The switch was easier for the Hamburg SPD, since it does not have to have the GAL's support, since the Hamburg constitution permits the loser of an election to continue governing even in the absence of a majority. Pursuant to article 35, the administration may stay in office until the city parliament votes to remove it.

But since his administration will not be able to get a budget passed or manage to get through a full legislative session on the basis of this provision, Dohnanyi is now carefully moving in the direction of the Greens whom he ridiculed a few short weeks ago. "The GAL," the mayor said in an interview with DER SPIEGEL, "is representative of forces for change which we ought to utilize."

Similar statements are being made all over Hamburg these days. In Eimsbuettel, for example, where the GAL and the SPD have a combined majority in the district assembly, a joint statement was put out to the effect that the two parties intend to fulfill the "voter mandate for a progressive, public-oriented, socially and ecologically responsible policy."

SPD and GAL have also worked together on the composition of parliamentary committees. Most committees now have an equal number of SPD and CDU members. The GAL has one seat and can thus cast a tie-breaking vote on any SPD or CDU resolutions put forward.

A GAL parliamentary initiative on sports policy is likely to be non-controversial. It calls on the city parliament to "apologize" for the "fraud" perpetrated by the German and Austrian national soccer teams at the world championships who euchred the Algerians out of their chance to go on to the next round.

An invitation is to be extended to the Algerian amateur soccer squad to prove to the world that it is customary in Germany after all "to play the game and to score goals."

#### Interview of Von Dohnanyi

Hamburg DER SPIEGEL in German 5 Jul 82 p 30-32

[Text] [Question] Mr Mayor, you are the first head of a Land government to stay in office at the mercy of the Greens. Is the GAL fraction which voted against your resignation last week the SPD's new coalition partner ?

[Answer] The SPD and the GAL are not coalition partners. Both have made that clear. It was not an act of grace on the GAL's part but a majority decision of parliament against resignation and for retaining this administration.

[Question] Prior to the election, you said that the GAL did "not exist as a political party" as far as you were concerned. Now, you would no longer be mayor, if it were not for the GAL. You must be having second thoughts under the circumstances.

[Answer] It only seems that way because I also said at the time that I would respect the GAL just like any other fraction, if it should enter the parliament.

[Question] Just the same—you lost the election decisively and you have the GAL to thank for the fact that the CDU motion calling for your resignation did not carry. Doesn't that put you under some sort of obligation to return the favor ?

[Answer] There are no obligations; but we of the SPD feel that democratically minded people must try to govern on the basis of this vote. And the way things stand in parliament, the SPD will have to do it. The CDU, after all, failed in its attempt to form a government.

[Question] How much do you think your voters will stand for, if you start negotiating with the GAL ? On the issue of nuclear energy, for example, the GAL has called for scrapping Brokdorf. Your predecessor Hans-Ulrich Klose was forced to resign because he went along with that.

[Answer] The Senate adopted a clear-cut program on energy policy. That program will be our starting point...

[Question] ...and perhaps your downfall as well.

[Answer] I don't think so—because the Senate has decided on the goal of scrapping Brokdorf. There was no need for me to compromise on that. If the GAL can show me how we can get out of Brokdorf without endangering our supply of energy, I will be ready to talk about it any time.

[Question] But now the GAL is not only demanding a change of energy policy but a "fundamental" change of SPD policy as such.

[Answer] If anyone could explain to me what that is, I would be happy to have a theoretical discussion about it some time...

[Question] We would rather discuss it in practical terms. What is your position on the GAL demands to halt expansion of the harbor and to clean up the Elbe more quickly ?

[Answer] Of course I would be very much in favor of not having any poisonous wastes discharged into the Elbe; but everyone knows that completely clean industrial waste is a goal that cannot be achieved overnight. It is much the same as the port expansion issue...

[Question] ..which is to be carried out at the expense of old residential quarters.

[Answer] We believe in the need for a port expansion law. But if other ideas are put to us on how to reach this goal by other means, we would of course examine them.

[Question] The SPD will not be able to go it alone, will it. There will have to be suggestions from other groups, like the GAL.

[Answer] Yes, to a certain extent. If one has the responsibility of governing, one is inclined to resolve issues in a particular way that one has accepted as the right way all along. In that sense, citizens' initiatives have provided us with a number of very important ideas and have taught us a lot and will continue to do so. I readily admit that.

[Question] Wasn't it mistakes such as these that helped get the Greens and Alternatives into the parliaments in the first place ?

[Answer] I doubt it. Erhard Eppler did not succeed in keeping the Greens out of the Baden-Wuerttemberg Landtag, either. The success of the Greens, I would think, is based much more on the growing realization that there is an accelerated structural change of society occasioned by the conflict between the future and the present. At such a juncture, protest as such occupies a very strong position politically.

[Question] Could you give an example ?

[Answer] Take the pollution of the Elbe. Undeniably, Hamburg is causing substantial and dangerous pollution, including industrial pollution. At the same time, there is no doubt but that we must hold on to this industry for the sake of jobs and competitiveness. The conflict between these two issues—holding on to jobs and protecting the future of a viable river Elbe—does not admit of a short-term solution. But the protest has a lot of credibility.

[Question] If you argue the point of holding on to and creating new jobs, as Holger Boerner, the Minister President of Hesse, is trying to do in the issue of the West runway, you will hardly get very far in your discussions with the GAL.

[Answer] Why not ? The GAL, too, knows that we cannot forbid the discharging of heavy metals into the Elbe overnight. But that does not mean that everything goes on the way it always has. The GAL represents forces of change, for example on the ecology front, which we respect and ought to utilize. And I suggest that we can make these changes happen faster—provided we can agree on substantive issues.

[Question] SPD politicians like Kassel's lord mayor Eichel and Berlin opposition leader Vogel feel that the GAL is calculable and capable of entering alliances. Do you feel there is a chance for long-term ties in Hamburg as well ?

[Answer] If they can be based on the issues, then I would say yes—which is to say if the particular issue allows us to carry out social democratic policies. This depends on the GAL which has also voted along with the CDU on certain issues.

[Question] You will hardly be able to carry out pure SPD policies with the help of the Greens.

[Answer] We wish to continue SPD policies here in Hamburg. It is a matter of course that there will be some new accents.

[Question] You have asked a number of SPD members—Chancellor Schmidt among them—for their opinion on cooperating with the Greens. What advice have you been given ?

[Answer] No one advised us against talking to the GAL and finding out whether social democratic policies can be carried out in this manner.

[Question] That is a new departure. Until recently, many people in the SPD, led by the chancellor, thought the party should stay clear of the Greens or at least not run after them.

[Answer] We will certainly not run after them. But there are election results and there are majorities in the parliament which we must take into consideration in assessing our policies.

[Question] Aside from the majority you lack, is there anything else that makes you want to cooperate with them ?

[Answer] I am motivated by the question of whether it is possible in such a difficult situation to secure SPD policies with the help of a new group like the GAL. And I have the impression that in the end we ought not to be too far apart on individual issues, if we approach discussions in an informed and committed manner and with the right goals in mind.

[Question] Does that apply only to Hamburg or does it apply on a national level as well ?

[Answer] On the parliamentary plane, this does not apply nationally. The fact is that there are trends among potential Green voters who pose SPD questions with a great deal of emphasis—even if from a somewhat different angle. I would have been far happier, if they had voted for the SPD.

[Question] But there were not only leftwing voters who turned their backs on the SPD but some in the center, too...

[Answer] Yes. Many went over to the CDU and many stayed home.

[Question] What do you think the bigger job is now: to get the left back in line or see to it that the right wing does not split off even more ?

[Answer] That sounds too much like election tactics to me. I think that those who went over to the CDU reflect profound social change. Let me put it succinctly and rather pointedly. The more of a clearly defined image a party has in a social situation as diversified as the present one, the less of a chance it has to rally a majority of the electorate.

[Question] Could you be a little more explicit ?

[Answer] One of the reasons why the CDU is growing at the expense of the SPD is that it does not have such an image. The CDU voices criticism but does not come out and say what it stands for. It may be right to call on the SPD to come up with more specific policies on this or that issue from a substantive point of view. But from the point of view of election tactics, I would say it was probably wrong.

[Question] Would you then advise your party to appear to have no real aims ?

[Answer] No; on the contrary. But we must be aware of the fact that the more sharply we define our party political image in this so-called pluralistic society of ours, the less of a chance we will have to bring divergent interests together. If one comes up with extremely concrete answers on all issues and with regard to every social group however small, one will not be able to form a majority in the end. The CDU is an example of that and so are the Greens. They, too, gain from an absence of concrete positions, by coming out in favor of general theories that may sound good but which in reality merely point out the conflicts but not the solutions for them.

[Question] Does that mean the SPD should go in for hot air ?

[Answer] No. What it does mean is that we must try to describe an overall perspective for society as a whole once again somewhat as the Greens are trying—but more realistically. From the point of view of election tactics, however, this raises a number of problems.

[Question] You don't seem to have come up with much more so far than to realize that the SPD has to sit down and talk with the GAL. Are you just trying to gain a few months' time to call for new elections at some politically opportune moment ?

[Answer] No. The citizens of Hamburg have had their say. There is no reason to call for new elections. It takes difficult times and uncomfortable majorities for good democrats to show what they are capable of.

[Question] In other words, you are going to try for long-term cooperation between Reds and Greens then ?

[Answer] The voters cast their ballots for 4 years; not for 6 months.

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CSO: 3103/564

## PARTIES MULL STRATEGIES IN HESSE CAMPAIGN

Frankfurt/ Main FRANKFURTER ALLGEMEINE in German 5 Jul 82 p4

[Article by Bernd Erich Heptner: "Friends and Foes Not Yet Clear in Hesse Election Campaign"]

[Text] Wiesbaden, 4 July--For the moment, the Landtag election campaign in Hesse is being conducted in a rather subdued fashion. This is not only due to the summer vacation season but also to the fact that the political parties to some extent have not yet been able to come up with a real campaign strategy. The FDP's Darmstadt decision to change government partners, if the result allows it, has been the cause of confusion and uncertainty--starting with the FDP itself. The fact is that even that segment of the FDP which would have liked to see the 12-year-old coalition with the SPD continue is now forced to campaign against the very SPD to which the Bonn party just recently tied itself anew. Voices had already been raised at the coalition party congress in Darmstadt warning that the FDP was campaigning against itself in the final analysis; against its own past in Wiesbaden; against its present circumstances in Bonn and thus perhaps against its own parliamentary future in Wiesbaden. In fact, the most recent polls do not look good. The voters feel that the shift undertaken by the party leadership in Darmstadt was too obviously based on tactical considerations, even if both the rank-and-file and the party delegates had seen it coming for some time.

Since the Hesse FDP is still busy working out campaign strategy and coming up with plausible explanations for the decision to change partners, the party is content at present to do battle with the one group which was recognized as the main campaign adversary months ago: the Greens. Hardly a day goes by without the FDP's putting out one or two releases attacking the Greens' policies and their conception of parliamentary procedure. At this time, one almost has the impression that the campaign in Hesse is being run between the FDP and the Greens exclusively. This is an indication of the FDP's predicament. It amounts to evading the difficult task of telling the voters that the decision in favor of the CDU in Hesse was taken in order to thwart the policies of CDU chairman Alfred Dregger and at the same time to keep the SPD in power in Bonn. The FDP is in the position of having to fight a campaign for sophisticated dialecticians because it failed loudly and continuously to put the perfectly good reasons forward which have spoken for a change for some time.



The FDP campaign will no doubt have its provocative moments. Appearances by major political figures will take care of that. FDP party chairman Genscher and Chancellor Schmidt have already announced they will come to Hesse to "let the voters decide." But what will they stand for? Will Genscher be coming out in favor of the change he sought but did not get in Bonn and will Schmidt be pointing to the continuation of the SPD/FDP coalition which was achieved in Bonn with great difficulty but which will be coming to an end in Wiesbaden?

There are casting problems within the Hesse SPD as well. Over the past few weeks and months, the SPD has been treating the FDP with kid gloves, pointing to common interests and to "successful cooperation" which ought to be continued. After the FDP turnabout in Darmstadt, the minister president spoke of a "breach of faith the voters will not tolerate" and coupled this accusation with the announcement that the SPD would now make an effort to capture the "social-liberal" vote. But the SPD is finding it more difficult to turn this adversary stance into an effective campaign strategy for fear of providing the FDP with a justification for its Darmstadt decision after the fact. Any attacks directed against the FDP would all too easily shake the foundations of cooperation which the SPD was saying it wanted to continue—to say nothing of the adverse effect they might have on the Bonn coalition partner.

Just what the difficulties are which the Hesse SPD faces can be seen from the government programs at least some of which are still awaiting final action. There is the need to decide on the location of a nuclear reprocessing plant in Hesse. Two sites in central and in northern Hesse were surveyed during the past few months. There is the need for a decision on a first stage construction permit for the third nuclear reactor at Biblis in the south of Hesse. The provisions for it are already in existence. For intra-party reasons, Boerner has not been in a hurry to resolve either issue and has therefore been accused by both the CDU and the FDP of procrastination. The question now is whether the minister president intends to call his government partner to task—with the FDP having defended the Darmstadt decision on the grounds that there was justifiable doubt in the SPD's ability to reach decisions.

If Boerner did come up with a decision on both these matters, the FDP would have a harder time putting that argument across. The minister president could do so all the more easily, since he would scarcely have to stand by these decisions in view of the generally expected election outcome. The only question for him would be whether he would lose more voters on the leftwing/green end of the spectrum than his then demonstrated ability to reach decisions might gain him in the center.

Within the Hesse SPD, the mood has seesawed for some time between hopelessness and defiance. The polls say that the SPD is very likely to fall from power in Hesse after a 35-year span. But if that really is to be, the party would hope to go out on a respectable note with a showing that could be interpreted as running counter to the trend. Like a long-distance

runner who has the misfortune of having to start against insurmountable odds, Boerner most of all would like to end the race with a personal record time. His call for the SPD's becoming the strongest fraction in the Landtag once more would seem to point in that direction. And behind it, there is the faint hope of possibly having a word to say about the formation of the new government in the fall.

But realistically speaking, this would only work out with the help of the Greens who will most likely be entering the Landtag. They would hold the balance, if the CDU did not obtain an absolute majority and if the FDP proved unable to overcome the five-percent barrier. As yet, Boerner has not seemed inclined toward such solutions; but inside the Hesse SPD there are people toying with the idea and the Hesse Greens seem to be playing along to some extent. Their rejection of Boerner does not sound as categorical as it did a few months ago and their readiness to "cooperate on specific issues" almost sounds like an appeal of some sort.

To be sure, the Greens do not wish to negotiate on nuclear energy "or on the West runway" but this position is held by some within Boerner's own party as well. Now if the Hesse Greens are already thinking out loud about possible SPD candidates for minister president—Eppler, for example—that may well be naive but it does show that they are beginning to come around to the idea of cooperation, if not of a coalition, with the SPD—and so are some SPD circles, too. How else is one to interpret the reminder by a Wiesbaden SPD spokesman that the Landtag elects the minister president by secret ballot and that one can therefore never know who it was that helped him obtain the necessary majority.

The least number of casting problems is faced by the Hesse CDU. It is running its campaign—if what the party is doing can be called a campaign at all—in a very relaxed, confident and above all subdued fashion. Unless a dire emergency arises, it would not want to change this tactic in the least.

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CSO: 3103/560

## SKDL CONGRESS FINDS ITS CONCERNS NOT THOSE OF MOST FINNS

Helsinki SUOMEN KUVALEHTI in Finnish 4 Jun 82 pp 6-8

[Article by Pekka Vuoristo: "People's Democratic Chicken Dance"]

[Text] The SKDL [Finnish Peoples Democratic League] congress did not march to the beat of the workers' march. There the chicken dance was played.

In addition, the beat was slightly confused.

To adapt a saying: In the opinion of some they had moved from one fence to the other, and in the opinion of others from the whole enclosure to the fence itself.

"Is he not going to talk about politics at all?"

This was the anxiety expressed in the press room of the SKDL congress, when chairman Kalevi Kivisto slowly and carefully read his 24-page speech, "The Political Situation and Future Directions".

The answer to those expressing anxiety was: He will talk about it and: he will not talk about it.

Kivisto did not talk about what is understood as politics. He hoped that what he said would be understood as politics.

Where are the right questions?

The SKDL is concerned. Its support has continually declined, there is no enthusiasm in the activism of its membership. The worst aspect is that radical movements seeking social alternatives have appeared outside of the SKDL even though the SKDL is perceived by them as that very alternative.

From this the conclusion has been drawn that the SKDL does not give answers to those questions which the people are asking. The purpose of the Kuopio congress was to find the right questions.

The discussion was called the lifestyle discussion. They wanted to define the lifestyle of those people to whom the SKDL is attempting to appeal: what

is important to those people, what in their lifestyle, work, free time, education, and human relations is such that the traditional theme of "peace, work, and struggle" will not offend.

Simo Seppo, who presented the actual outline of the lifestyle discussion, believed that a familiarization with the totality of people's living conditions will return the People's Democrats "to the surface of the earth".

#### Someone Always Knows Better

A group made of 274 representatives to the congress was divided for 1 day into 10 subject groups to find a lifestyle. For example, the group deliberated jobs and unemployment, The SKDL's organizational work, free time, and the crisis in parliamentarianism.

When the reports of the subject groups were finally presented, Kalevi Kivisto stated that the discussion had succeeded beyond all expectations.

Naturally, it is a question of what each person expected. A portion of the membership paralyzed by the conflict among the Communists was just as amazed as those who expressed anxiety in the press room. Some of the subject discussions pursued the same old themes while some made the break to a sincere exchange of opinions.

Something came out of the nucleus of the issue in the report of the group which deliberated "the picture of a progressive people": "Why have new movements been born outside of the SKDL? In these movements there is a new attitude toward knowledge and solutions: they are being sought together, they have not been given. In our movement there are always those people who know better. In our movement there are always books which have not been read..."

There where the solutions were not known, but are being sought, the discussion was at its best. For the People's Democrats this is a new approach, and in this sense the Kuopio congress will perhaps "become a part of history", as Kivisto estimated.

#### Even the Other Foot Off the Ground

The discussion can even be evaluated more unkindly. Since traditional questions were avoided, the possibility for traditional conflicts was also avoided. Since this occurred, movement was purposefully made on the firm ground of the so-called majority within the old division of factions.

If one so desires, the lifestyle discussion can be considered as only a new manner of presenting the old arguments of the SKDL's Socialists: that classical Marxism-Leninism is obsolete, that the struggle for wages is not an end in itself, that morality is the basis of a discussion concerning models for socialism, and that from workers we must direct our attention toward new social groups.

Many were of the opinion that the most fundamental problems were neglected and that instead of "returning to the surface of the earth" even the other

foot was raised off the ground. In addition to the minority Communists, many so-called basic People's Democrats and backwoods people were inclined to think in this manner.

A return to the question of livelihood was forcibly demanded. "The lifestyle discussion has been initiated by those whose stomachs are too full," was the complaint in a certain subject group.

When Kivisto stated: "The typical manner of thinking is such that it could be worse, however, fortunately it is not. I do not believe that such a person in particular is interested in our telling him that in fact things are going much worse than he himself thinks". Jukka Oksa of Joensuu answered:

"The children of those who lost their health in the fields, barns, and lumber camps are exhausting themselves in factories, offices, warehouses, and in other services. For a significant portion of them life is hell."

The communications gap between the intelligentsia and the backwoods People's Democrats is also insurmountable. Kivisto's speech was at times difficult to listen to: "The concept of a lifestyle is, above all, depicted by the totality formed by the essential traits of everyday work within the framework of a certain historically limited social formation and certain material-social conditions..."

#### Creeping Exploiters

The SKDL is frightened since the Finns are happy according to a study. "We are promoting improvements to a living situation with which the people are completely satisfied," reasons Simo Seppo.

It is imperative for the SKDL that there be deficiencies and inequities which require the existence of an SKDL for their rectification. Even from this point of view it can be interpreted that the congress looked for problems which have remained unnoticed by the people.

The People's Democrats consider that people have built around themselves "a wall of happiness", in which even they themselves believe. Capitalism has wrapped up its negative aspects in gold paper and has fed them to the people voluntarily. This phenomenon was called "creeping exploitation" in Kuopio.

At the same time that people's problems were being sought from the direction of the people themselves, they were also being sought from the direction of the theory of "creeping exploitation". Instead of looking for solutions, this was already akin to knowing what the solutions are.

On the other hand, there was an honest presentation of many urgent questions.

For example: How much would an orange cost in the local market if the worker who picked it were to receive a reasonable wage? Are the People's Democrats ready to destroy the Ounas River if it means jobs for 200 people for 15 years? Should workers refuse overtime work at Wartsila's Turku Shipyard and thus

create hundreds of new jobs? Why are the People's Democrats afraid to discuss the concentration camps in the Soviet Union?

Answers were not given; the task of the congress was to find questions. All in all, there remained the feeling that the meeting succeeded too well in finding questions. The number of questions to which the People's Democrats are not capable of giving an answer, at least, unanimously, was distressing.

#### This Group is Important

As a result of the lifestyle discussion this congress was by its nature exceptional. Instead of being hostile and demanding it was warm and human. This was clearly the goal in an attempt to meet the challenges of the times; and it became clearly apparent that there were three types of attitudes. There were those for whom it was a question of an honest goal, those for whom it had a tactical appeal, and those who believed the whole discussion was mere nonsense.

This congress was not a congress of the workers' movement marching to the beat of the workers' struggle. No, the slogan of the congress itself was, in fact, a chicken dance to the tune of which was written the report of the subject group "morality and politics". Its title was the Decisionmakers' Song: "This group is important / an intelligent person is not needed / even though decisions he is allowed to make..."

After concluding the lifestyle discussion the congress adjourned to a reception given by the City of Kuopio and after that to a dinner at a restaurant with entertainment. There representatives to the congress demonstrated their ability to master today's lifestyle in practice: they danced well on the parquet dance floor.

One of the performers even considered it best to inquire politely of the boisterous group: "Can we sing a worker's song?"

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CSO: 3107/138

## STALINIST ORGAN EXPRESSES CONCERN OVER CP, SKDL TRENDS

Helsinki TIEDONANTAJA in Finnish 3 Jun 82 p 2

[Editorial: "Finnish Communist Party]

[Text] The unsuccessful outcome of the extraordinary congress of the SKP [Finnish Communist Party] and the exceptional nature of the SKDL [Finnish Peoples Democratic League] congress have given cause for a more than usual animated discussion on the situation in the people's democratic movement and the Communist Party in particular.

Since it has also been stated in public that negotiations are presently being conducted for the purpose of restoring unity to the SKP, it is understandable that interest in the SKP is great. Moreover, the Central Committee is holding its first session since the extraordinary congress, which will continue to direct attention to the problems of the SKP.

The negotiations to restore unity to the SKP have been going on for a couple weeks. Jouko Kajanoja, Arvo Aalto, Taisto Sinisalo, Seppo Toiviainen, and Urho Jokinen have been meeting rather regularly, but no result has been achieved for the time being.

The largest stumbling block has been the question of rights with respect to the district organizations. Eight district organizations have tenaciously hung on to the SKP's chief policy line and have defended the interests of the SKP in everything, but in decisions concerning personnel, for example, these districts have not been able to push through their proposals.

The opposition, if this word can be used, does not want to move from its positions, but continues to remain on the side.

It also seems that the "Socialists" in the people's democratic movement are now with their activism giving strong support from the side to freezing and prolonging the negotiations on the restoration of unity. The purpose of prolonging issues is to separate that whole side of the SKP, the healthy forces, from all the positions which these forces have in the SKP.

After this, changing the nature of the SKP will be easy. And the basis for this over the years has been provided for by a dissemination of petit bour-

geois ideology among the membership of the SKP. The "departure of each representative of the older generation" is received as good news and it is imagined that this will open the way for fundamentally changing the SKP.

Naturally, these clearly apparent intentions contain an underestimation of the younger generation. To the sorrow of the rightwing there is, however, sufficient substance in the younger generation for the execution of a class-conscious policy and the retention of the SKP as an authentic communist party.

Very little time has passed since the extraordinary congress, but the fact that no progress at all has been made in the negotiations points to the fact that First Secretary Aalto has decided to abandon the whole issue. In this way, as Aalto calculates, Kajanoja will be blamed for the dissatisfaction in the party, and then a new path will open up for Aalto to the chairmanship position, from which he was blocked by the extraordinary congress. Aalto considered the chairmanship to be his. But this was not the case.

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CSO: 3107/138



## STALINISTS PRESENT DEMANDS FOR HEALING SPLIT IN CP

Helsinki TIEDONANTAJA in Finnish 3 Jun 82 p 12

[Open Letter from Taisto Sinisalo, Urho Jokinen and Seppo Toiviainen]

[Text] Our party has been in a serious crisis since the extraordinary congress. The present situation requires great responsibility and a readiness to rectify the errors which have made our problems more profound.

In the discussions so far, in which we have presented the views of eight district organizations, little has been accomplished. The discussions have primarily outlined the problems and proposed various alternatives. In fact, it has been more a question of the discussions than actual negotiations. We should now progress to the stage of resolving ideological, political, and organizational problems.

Without repeating all the proposals that have been made we consider that there should be an immediate creation of a base for resolving the most important problems so that we could overcome the obstacles on the path to joint actions and work on the part of the Central Committee and the Politburo.

We consider such questions to be the following:

1. We must definitely repudiate statements directed against the Soviet Union and the CPSU, which are in conflict with the decisions of the party. They damage our party's interests and serve to weaken friendly relations between Finland and the Soviet Union. In this question the extraordinary congress approved positive stands, and if we do not clearly repudiate erroneous statements, there is a danger that the party will give the appearance of being two-faced. In this connection we do not consider Arvo Kempainen's election as a member of the Politburo to be correct.
2. There are many deficiencies and much confusion in our party's ideological work. The SKP's nature as a Marxist-Leninist workers' party must be strengthened, which means, among other things, that petit bourgeois and reformist trends and faceless "pluralism" are to be prevented and rejected. We presuppose that the party will take a definite stand against those attacks which Comrade Alenius and certain other Socialists have made against the independence

and principles of the SKP. This is imperative for the development of the SKDL as a broad cooperative organization of democratic forces.

3. We have made several decisions to make practical policy more effective. In this we must move from words to deeds. We must take concrete actions to ensure an independent appearance and approach in the struggle for employment, the budget, and labor contracts. Now we must immediately promote the struggle to accomplish real reforms concerning job protection.

4. In order to strengthen the party's ideological, political, and organizational base, a concrete program of action is needed. It could be the basis for a party conference, which, for its part, would comprise an intermediate phase in the preparations for a new, constructive extraordinary congress. In this connection we should evaluate the issues not discussed at the recently held extraordinary congress, such as a continued appraisal of the government, an evaluation of Finland's foreign policy, and the political arena as well as a discussion of the tasks of the ideological struggle.

5. The basis for a solution to our problem is equality among the party membership, party organizations, and the party press. Party democracy must be made a reality, and the now prevailing discrimination and new discrimination attempts being planned in certain quarters must be definitively repudiated. Violations of the rights of district organizations -- and at the same time of a large segment of the membership -- which have appeared in the selection of a party leadership must be rectified and the participation of all forces in the party in the SKP's leadership must be protected. Preparations for the parliamentary elections must be accomplished in a unified manner in accordance with the decisions of the congress.

6. In order to prevent attempts aimed at discrimination and "factionalist victories" in our party's districts, we must appeal to the whole membership. The membership should have an opportunity to resolve the party's most important problems by means of a membership vote if necessary. Preparations for an extraordinary congress must be made in a unified manner, and the Finnish people must be given an impression of a more unified and more combative SKP.

We are prepared to continue negotiations at any time. The responsibility of all those negotiating is great. Our responsibility is both collective as well as personal. We are convinced that a serious discussion of the above-mentioned issues will also create a basis for resolving other questions that will arise during our negotiations.

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CSO: 3107/138

## STALINIST ORGAN VIEWS 'THIRD LINE' IN COMMUNIST MOVEMENT

Helsinki TIEDONANTAJA in Finnish 4 Jun 82 p 4

[Commentary by Jaakko Laakso]

[Text] A phenomenon characterized in public as the "third line" has for some time already had an effect in the SKP [Finnish Communist Party] and in organizations close to it -- the Socialist Students League and the Democratic Youth League, among others.

Before and during the SKP extraordinary congress the "third line" became concrete in, above all, the "nonaligned" views and actions of Central Committee workers Juhani Ruotsalo and Leevi Lehto.

What exactly is in question here? From where did the "new" line come? Is it a question of a "new" or "third" line? Will this new phenomenon serve to restore unity to the SKP?

## SKP's Problem as Basis of Phenomenon

The basis for the creation of the "third line" -- in the sense that it is understood as the actions of Ruotsalo and Lehto in the past few months -- is, naturally, made up of the ideological and policy differences which have prevailed in the SKP for a long time and the organizational problems and even structures which have appeared as a result of these differences.

In fact, it is remarkable that a more or less clearly organized group, or if one prefers "faction", has not appeared earlier in this form "between the factions". A desire to find a quick solution to the SKP's problematical situation and a lack of faith in the fruitfulness of "old means", a lack of faith which, of course, receives emphasis from a 14-year era of differences, have accelerated the search for "new solutions".

The "third line policy" includes a desire to preclude a "factionalist victory" in resolving the problems of the SKP as well as a lack of faith in the proposals of the eight SKP district organizations which publish TIEDONANTAJA for unifying the party, even a lack of faith in their desire, on the whole, to find a solution to the situation in the SKP.

The "third line" is kept alive by a strong faith in the fact that in "both factions" there are those in influential positions who "under any conditions want to keep the party divided". Therefore, we must be "independent" and "dissociate ourselves from all factions".

A desire not to be equated with either "faction" and an "impartial" criticism of both, which appears most naively as equating TIEDONANTAJA and KANSAN TAHTO with each other and Urho Jokinen and Into Kangas with each other, and the underestimation and superficial examination of the ideological-political differences in the party are only some of the signs of individuals located in the "middle ground".

The "third line policy" is a many-sided and heterogeneous phenomenon, which frequently also includes -- sometimes even severe -- criticism of an opportunist policy. In this respect the "third line policy" has affected the SKP's situation in a positive manner, but there are also those who are abandoning positions based on party convictions.

Aalto, Kemppainen, and the 'Third Line'

Ruotsalo, Lehto, and Pertti Rovamo call themselves Central Committee members "nonaffiliated with any factions".

The term is confusing in that those who aspire to a factional victory -- above all, Arvo Kemppainen and Arvo Aalto -- made certain at the SKP extraordinary congress that Ruotsalo, Lehto, and Rovamo were elected as members of the Central Committee.

It is also probably apparent to everyone that the election of those who have been publicly labelled as leaders of the "third line" to the Central Committee occurred primarily for the reason that their election made it possible to discriminate against certain comrades proposed by the eight district organizations which publish TIEDONANTAJA. They also positively compensated for the Central Committee members who took a stand on the proposals of the eight district organizations in certain questions.

The actions of the "third liners" at the SKP extraordinary congress promoted the unsuccessful outcome of the congress and the advancement of the policy of revenge, which was directed at a factionalist victory. Ruotsalo, Lehto, and Rovamo themselves conceded that the congress had failed and did not attend the first meeting of the Central Committee. Now they are once again participating.

At a press conference they arranged Ruotsalo, Lehto, and Rovamo used strong language in criticizing Taisto Sinisalo's and Jouko Kajanoja's actions at the congress. Aalto, on the other hand, was not criticized. Perhaps, for the reason that Ruotsalo had proposed Aalto as well as Kemppainen for election to the party leadership in his own "compromise proposal", from which Markus Kainulainen and Urho Jokinen, among others, were missing.

The "third line" has proposed that the results of the unsuccessful congress be rectified by inviting "certain comrades from the so-called minority", who would have the right to speak, to meetings of the Central Committee. First Secretary Aalto has also made the same proposal.

On the other hand, the "third line" along with Aalto opposes a new congress to correct the errors of the unsuccessful meeting.

#### 'Renewing' the Party

Ruotsalo and Lehto have rather forcefully demanded a "renewal" of the party. Naturally, a large portion of the criticism directed at the SKP is justified and reflects an even greater dissatisfaction with the policies, effectiveness, and ability of the SKP leadership.

The main criticism of the "third line" is directed primarily at the SKP's "theoretical backwardness", which in the opinion of Ruotsalo concerns the party's chief policy line, among other things. According to Ruotsalo the SKP needs theoretical and strategic, ideological and moral renewal.

According to Ruotsalo the theory of "historical compromise" should be taken into consideration in the development of the party's future policy line (KAN-SAN UUTISET, 13 May 1982). Lehto is, on the other hand, argued to be the "ghost writer" of Arvo Aalto's speech concerning a "historical compromise".

In any event it is expected that Ruotsalo and Lehto will provide a precise definition of what is in need of development in the party's present anti-monopoly policy, in what sense the present policy line is "obsolete", what they think about Aalto's "historical compromise", and so on.

The stand of the "third line's" leadership regarding questions concerning the combative ability of the SKP as presented in a letter from the CPSU, among other things, has remained just as vague for the time being. They have criticized the letter in part.

Perhaps, many of the party's member and friends who are confused by the growing problems of the SKP will resort to the "third line's" solutions; they will not participate in normal primary organization work and refrain from influencing daily decisions without understanding that this will also weaken the ability of the whole SKP to carry out a struggle.

In fact, there can be no "third line" any more than a "first" or "second" since there is only one line; the SKP's chief policy line, from which there can be deviations only either to the right or to the "left".

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CSO: 3107/138

## PAPANDREOU MAKES STATE VISIT TO BULGARIA

Welcomed by Zhivkov in Sofia

Athens ATHENS NEWS in English 26 Jun 82 p 2

[Text] The Bulgarian press radio, and television gave wide and extensive coverage to the visit of Prime Minister Papandreou to Bulgaria. On his second day of his visit the Prime Minister flew to Varna with President Zivkov. During the flight, the Prime Minister and the Press had their first private talks and continued with a second round of talks in Varna.

The Prime Minister was welcomed in Varna with great festivities. The mayor of the city gave Mr. Papandreou the key to the city.

## Papandreou Addresses Dinner

During the dinner given Thursday in his honor by President Zivkov of Bulgaria, Prime Minister Andreas Papandreou addressing President Zivkov, expressed his thanks for the warm welcome he received in Bulgaria and added that President Zivkov, expressed his thanks for the warm welcome he received in Bulgaria and added that President Zivkov is well thought of by all Greeks.

As far as Bulgaria is concerned, Mr. Papandreou said, President Zivkov is considered the founder of good relations, cooperation and friendship between the two peoples.

The Greek Prime Minister said that since 1974 the President of the Greek Republic Constantine Karamanlis has decisively contributed to the further development of the friendship and good relations between the two countries. Mr. Papandreou added that with the new government in Greece which is socialist, the prospects for a wider and more extensive development of relations between the two countries are greater.

Referring to the Cyprus issue, the Prime Minister said that it is a problem concerning the Cypriots and not Turkey or Greece which have no right to interfere with whatever action which would be detrimental to the interests of Cyprus and its people as an independent and sovereign country.

Naturally, the Prime Minister said, we are for the dialogue between the two communities, but the presence of 30,000 Turkish troops on the island makes this dialogue a dialogue between Lefkosia and Ankara.

On the other hand, he said, the U. N. have adopted certain resolutions which are not complied with by the other side.

One of those resolutions is the departure of foreign troops from the island.

The Prime Minister denounced the race of nuclear armaments and expressed Greece's firm positions not to accept the addition of a single warhead in Europe.

On this point, Mr. Papandreou referred to the talks he will have with President Zivkov on nuclear-free Balkans.

#### Joint Statement Issued

Athens ATHENS NEWS in English 29 Jun 82 p 2

[Text]

After the talks between Prime Minister Andreas Papandreou and Bulgarian President Todor Zhivkov, the following joint communique was issued:

"The Prime Minister of the Greek Republic, Andreas Papandreou and the President of the Council of State of the People's Republic of Bulgaria, Todor Zhivkov, have reviewed the bilateral Greek-Bulgarian relations and have coordinated the direction of their further development.

"They have exchanged views on issues of actual international and common interest. Both parties ascertained with satisfaction that the relations of good neighbourliness, understanding the cooperation between Greece and Bulgaria are based on solid foundations in accordance with the interests of both peoples that they constitute an important factor for the reinforcement of peace and of mutually advantageous cooperation in the Balkans, and that they represent exemplary relations between states having different social systems.

"Underlining the importance of top-level meetings

for the ascending development of bilateral relations between states, the two leaders expressed the wish to continue these in the future. They also underlined the positive role of the contacts between government and parliament members, and between personalities of the world of arts and business of both countries for the favourable development of Greek-Bulgarian relations in the various sectors of social life, and they declared that they are ready to encourage them in future.

"The two leaders gave particular attention to the present situation and to the perspectives of commercial and economic relations between the two countries.

"Underlining the importance of coordinated direction for the further development of Greek-Bulgarian relations until 1983 that was signed in 1979 in Corfu, they confirmed their will to materialise fully the implementation of the articles of this agreement.

"Both sides have agreed that the acceleration in adopting new forms of economic cooperation, based

on long-term cooperation agreements, the delivery of ready installations the creation of mixed enterprises having common activities both in the two countries and on other markets etc. will greatly

promote the further development of the economic institutions of Greece and Bulgaria.

"With this objective, they signed during the visit a programme for the further development of economic cooperation between the Republic of Greece and the People's Republic of Bulgaria.

"The two leaders underlined that the cultural and scientific cooperation between Greece and Bulgaria has made remarkable progress, a fact which contributes towards a better acquaintance and towards the rapprochement of the two neighbouring people. Both countries have agreed to continue to develop exchanges in the scientific cultural and athletic sectors, based on the scientific and cultural collaboration programme which has been signed and on the other agreements which have been made.

"Prime Minister Andreas Papandreou and President of

the Council of State Todor Zhivkov reviewed certain actual international problems of common interest and ascertained with satisfaction the widening of the scope of those problems where the views of both sides either coincide or are very similar.

The two leaders expressed their concern regarding the deterioration of the international situation and stressed the determination of their respective countries to support all the efforts aiming at safeguarding the process of detente, at ending the armaments race at disarmament, at the reinforcement of peace and security in the world and at the eradication of sources of conflict. Both sides support the struggle of the peoples of Central America for national independence and social progress.

#### **Further Economic Cooperation:**

A framework agreement on the further development of the economic cooperation between Greece and Bulgaria was signed at the end of the talks between Prime Minister Andreas Papandreu and Bulgarian President Todor Zhivkov.

According to the agreement, the two sides will orientate their relative state agencies and economic organisations and corporations towards a cooperation and mutual activities, within the framework of the domestic legislation and international obligations of each country.

The sectors of cooperation include commerce banking industry technical knowhow, science and tourism.

CSO: 4600/632



## LOCAL NEWSPAPERS REVIEW CURRENT ISSUES

## Foreign Affairs Aired

Athens ATHENS NEWS in English 25-28 Jun 82 pp 5, 7

[Text] The Turkish Foreign Ministry spokesman's statement on the Aegean air space and that of the Governor of the Bank of Greece on the revaluation of the dollar as well as the parliamentary debate on the drachma, recent developments in the Lebanon and the visit of the head of PLO's Political Section, Farouk Kaddoumi, reports of impending "broad changes" in the Greek Supreme Court (Arios Pagos), the continuing bank strike and the earthquake in the Peloponnese were the rejected points in yesterday's morning press.

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**AVGHI** (euro communist). Projected developments in the Lebanon and Mr. Kaddoumi's arrival in Athens. In its editorial it recommended the opening of a "positive dialogue with the bank employees".

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**KATHIMERINI** (independent). Spoke of "broad changes" in the Greek Supreme Court. In its commentary it dealt with what it called the "adventure" that the "Greek Journalists Union is going through" and noted that it "is exceeding the limits".

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**TO VIMA** (government). Headlined the Turkish Foreign Ministry spokesman's statement on the Aegean air space issue.

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The latest developments in the Lebanon, statements made by the Governor of the Bank of Greece, Gerasimos Arsenis, and Tuesday night's debate in parliament on the economy were the main topics in yesterday's afternoon newspapers. Other news given prominence included the Turkish Foreign Ministry spokes-

man's statement on the Aegean air space, the earth tremor in the north-western Peloponnese, the explosion at a factory in Kilkis which resulted in the death of two workers.

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**ELEFTHEROITYPIA** (government). Projected Tuesday's meeting between Prime Minister Andreas Papandreu and the head of the PLO's Political Section, Farouk Kaddoumi. In its lead commentary it noted that the actions of the privileged teachers concerning the draft law on universities "appears to public opinion as an infuriating provocation".

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**ETHNOS** (government). Gave prominence to the latest developments in Lebanon. In its editorial it noted that the forestry protective measures are mainly institutional.

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**ESTIA** (extreme right). In its leading commentary observed that the collective cultivations and exploitations of farms constitute a method of production resembling that used by the socialist countries.

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**MESSIMVRINI** (opposition). Highlighted Tuesday's debate in parliament concerning the country's economy. In its editorial it referred to the Bill on higher education institutions and asks the government to withdraw it.

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**VRADYNI** (opposition). Wrote about the law concerning the violators of the atmospheric pollution measures. In its editorial it noted that it is infuriating to continue to

make distinctions between the alleged jūntists and the alleged resistance fighters against the dictatorship.

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**RIZOSPASTIS** (communist). While in Athens the government spokesman Dimitris Maroudas expressed government satisfaction for the results of the Kapsis - Alacam talks clearly implying that a new constructive dialogue is being inaugurated, new explosive announcements came from Ankara. The representative of the Turkish Ministry of Foreign Affairs said that Ankara considers it its right to violate Greece's airspace since they do not recognize the ten mile limit. He said that such violations will be made also during NATO exercises like the one being conducted under the name **DAILY DOUBLE**. The new provocation by Ankara took Athens by surprise which thinks that finally it will comply with the U.S., and NATO "instructions" to respect the "moratorium". It seems it does not want to understand that behind the Turkish provocations stand NATO and the United States.

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**AKROPOLIS** (opposition). Talking about his talks with the social democrat Mr. Emke, Mr. Papandreu said: "We exchanged views on many topics among which the developments in Germany. As you know for the governing party are very negative. We are concerned about the possibility that the christian democrats might come to power and this would be a dangerous shift in Europe". Mr. Papandreu has committed a very grave error because with these comments: a) he interferes in the internal affairs of Western Germany, a great, allied and democratic country whose people are the only responsible to decide which will be their government. b) He continues to place the relations of our country with other countries on an ideological and party basis regardless of the fact that he has branded the German social-democrats "servants" of the American imperialism.

\* \* \*

**ELEFThEROTYPIA** (government). The entire population of a city is faced with death. Six hundred thousand men, women, children and old men and women feel the terror engulfing them. Beirut is crumbling from the heavy blows it receives from her stranglers. Beirut has become a city of ghosts. Beirut is dying. It is dying with the positive or negative support of the "great" of the world who on many occasions have proven to be so "small". Whatever happens, however, Beirut will be re-born again out of the ashes and debris and it will be a Palestinian Beirut for ever.

## NATO Exercise Criticized

Athens ATHENS NEWS in English 26 Jun 82 pp 5, 7

[Text] **AKROPOLIS** (opposition). Says the government: "The promises I have been giving you were visions. Now I am facing reality and I am forced to seek the "feasible" and not the "vision". Its disappointed voters ask "does that mean that your pre-election promises disappeared in thin air?" "No, for Marx's sake!" protests the government. To seek the feasible does not mean to give up the vision, it is just postponement in the future". "But when?" ask the voters who feel like cheated husbands. "Er...sometime in the future". "But did not you use to say" right now? "Well... yes, but we meant that the "change" would start right now".

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**KATHIMERINI** (independent). The new increases in the price of food, anticipated at about the end of the month, due to the devaluation of the "green drachma", will certainly create new problems for the government which has so far taken spasmodic measures to curb the speculative activity of the middlemen. The measures, announced with regard to the fixing of prices of fruits and vegetables, are considered "inadequate" and "unattainable". In fact, the nature of these measures indicates that neither on a short-term nor on a long-term basis will they be able to restrain the prices of fruits and vegetables. On the other hand, the non-existence of essential legal provisions to check the prices of the other agricultural products substantiates the claim that food prices will increase by 30 per cent this year.

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**RIZOSPASTIS** (communist). No matter how clear things may be with regard to NATO Exercise "Daily Double", the press makes them look vague, blurred and all mixed up. This exercise, as the Communist Party of Greece stated before the Parliament, was planned in an

emergency within the framework of extension of NATO's scope of action, so as to coincide with the genocide of the Palestinian people, and pose a threat to progressive Arab countries. The Greek government has decided to participate in such an unacceptable and detrimental to the national interest exercise (despite the Prime Minister's statement that Greece will not participate in NATO maneuvers as long as the Turkish violations continue) in its effort to prove its "loyalty" to the alliance. Such decision, instead of bringing about a reduction of Turkish provocative acts, it increased such acts, on the one hand, and resulted in displaying non-friendly attitude by Greece towards the Arabs, on the other.

## Papandreou Trip to Sofia Praised

Athens ATHENS NEWS in English 27-28 Jun 82 pp 5, 7

[Text] *The issue of the real estate taxation was the main topic in yesterday's afternoon newspapers. Other news given prominence included the bombing of Beirut the intense heat, the appeal by the Athens Commercial Association for the banks to open, the request by the Athens Chamber of Commerce and Industry for all traffic to be allowed to circulate in the city centre and the voting on the Bill for local self-administration in the parliamentary committee.*

**APOGEVMATINI** (opposition) Noted that the real estate tax forms are not being returned to the taxpayers.

The newspaper also referred to the solving of a crime committed some time ago.

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**ETHNOS** (government) Dealt with the Finance Minister. In its editorial it dealt with the tax issue and expressed the opinion that the Prime Minister's initiative should inspire optimism.

**ESTIA** (extreme right) In its lead commentary dealt with the policy of the New Democracy party and expressed the opinion that unity is essential in order for them to function as the main opposition party.

**MESSIMVRINI** (opposition) Also dealt with the property tax. In its editorial it referred to an Athenian newspaper.

**TA NEA** (government) Likewise projected the real estate tax issue and noted that Prime Minister Andreas Papandreou is determined and ready to take economic issues in his hands.

**VRADYNI** (opposition) Commented on the property tax issue and claimed that the relative forms are not being returned to the taxpayers. In its editorial it referred to the Premier's intervention on the tax issue and expressed the opinion that it is a matter of implementing a democratic operation of the regime.

**RIZOSPASTIS** (communist) A ray of optimism in the cloudcast horizon of our country's international relations is the friendly climate that prevailed during the Prime Minister's visit to Sofia. Our country faces threats, plots and blackmail. It faces unrelenting claims put by NATO top ranking officials during their frequent visits. It is an unavoidable one-way road yielding to such claims participating in military maneuvers directed against the struggling Arab countries and also participating in schemes designed by NATO in the Aegean in which star the puppets in Ankara and which threaten the independence of and peace in our country. The sig-

nificant proclamations made by both sides in Sofia the will expressed to proceed with measures for nuclear-free Balkans and the common desire of the two peoples for peace, lay firmly another safe road for the external policy of our country. Greece can get out of the dangerous impasses in which it had been pushed by imperialists, safeguard its independence with boldness and realism and utilize to the maximum extent the props offered in order to play a new role in this volatile area the role of a non-aligned and active factor to ensure balance and peace.

Such a role would offer our country the guarantees of security that even the most sophisticated weapons and the most favorable rations of "allied" assistance could not provide.

**ELEFTHERTYPIA** (Government) The decision of the government to regain control of oil production in Greece, which up to now has been in foreign hands by a large percentage, is a most important step in the short history of our oil policy. Because the rightist governments in the past like the junta had followed a policy of giving away in advance under the most unfavorable conditions the exploitation of our underground and undersea national wealth to multinational companies. With the present shift in policy, the objective is to achieve 50 percent control of the capital of North Aegean Petroleum Corporation. This action however which was generally acclaimed, it seems, that it has displeased certain authors of the unfavorable agreements reached in the past. And, one of those is Mr. Manos, ex-Minister of Industry, who made a statement giving his own interpretation. Said he "under the pretext of revising the contract, the government cancels definitely oil research in the area of Thassos." One is tempted to ask Mr. Manos how does he know that the revision demanded by the government leads to cancellation of research. Is it because the ex-minister speaks as a representative of the foreign companies? As regards the "moratorium," this is intended to avoid provocative actions and deliberate violations and has nothing to do with the oil research conducted in Greek waters east of Thassos.

### Resignation of Finance Minister

Athens ATHENS NEWS in English 29 Jun 82 p 2

[Text] **ELEFTHERTYPIA** (Government) It must be admitted that Alexander Haig was not a man that came on the political scene by accident. He was a military brain that commanded NATO's monstrous war machine and a politician that tried to establish new "balances of terror" throughout the world. This man, undoubtedly, had many qualifications. The fact that at one point he crossed the barrier line attempting to lead the entire American government policy, a fact which brought about his end, has proved, regardless of the outcome, his exceptional personality. The truth is that behind the "Haig Affair" is hidden something more significant than

Haig as a person. It is the well-known extreme rightist US government who has supported fascist regimes under the shade of the Statue of Liberty, manic with the race of armaments, ruthless in its attitude towards its allies but cut to the heart itself from deep internal divisions.

Haig is gone but the problems stay on. It is a problem that can be solved by the American people as soon as they realize the dangerous road its reactionary and war-mongering US government policy is leading them to.

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*News items given prominence in yesterday's morning news papers included Prime Minister Andreas Papandreou's statement that U.S. Secretary of State Alexander Haig's resignation will lead to a hardening of U.S. policy the joint communique issued following Mr. Papandreou's talks in Bulgaria with President Todor Zhivkov, the acceptance by Mr. Papandreou of the resignation of Finance Minister Manolis Drettakis, reports about an imminent reshuffle of the government the continuing heatwave, the situation in Lebanon and manifestations in Greece of solidarity with the Palestinians and the Lebanese.*

**ACROPOLIS** (Opposition) Referring to the "resignation-dismissal", of Finance Minister Manolis Drettakis, spoke of a "war among cliques" in the governments. The paper also reported the death of two more persons because of the continuing heatwave.

**ELEFTEROS KOSMOS** (Pro Junta) Announced that for financial reasons the paper was ceasing publication (only a few days before completing its sixteenth year) and stressed that it had never been granted any loans nor followed "yellow press policies for the sake of increasing circulation," but on the contrary had suffered a great many pressures, boycotts and persecutions.

**AVGHI** (Euro Communist) Carried reports about an imminent government reshuffle. Elsewhere, the paper approved of the government's policy regarding the Palestinians and stressed the need for more, and more urgent, measures of solidarity and support.

**KATHIMERINI** (Independent) Commenting on "the handling of the Drettakis case," said that Mr. Papandreou must select a new course in view of the government reshuffle, and abandon the Socialist experiments. The paper also reported that French President Francois Mitterrand would visit Athens late in August or early September.

**THE SUNDAY ELEFTHERTYPIA** (Government) Dealt with the resignation of Finance Minister Manolis Drettakis and reported that the government reshuffle is now speeded up. The paper also projected Mr. Papandreou's statement forecasting a hardening of the U.S. policy following Secretary of State Alexander Haig's resignation and stressed that "Reagan's hard Western group dominates completely."

**RIZOSPASTIS** (Communist) Wrote that Greek - Bulgarian friendship had entered a new stage following Mr. Papandreou's official visit to Sofia. The paper also stressed that Mr. Papandreou considered Mr. Haig's resignation as "a loss", and carried a message by Soviet President Leonid Brezhnev to Palestinian leader Yasser Arafat reiterating the Soviet Union's support for the Palestinians and Lebanese.

**TO VIMA** (Government) Referred to Mr. Drettakis resignation as Finance Minister and published reports of forthcoming changes in state banks and public organizations after the government reshuffle. The paper also published Mr. Papandreou's statement on U.S. Secretary of State Alexander Haig's resignation, under the headline "Crucial moments following Mr. Haig's resignation."

**MESSIMVRINI** (Opposition) We hurry to declare that we have no valid information about the "personal drama" in the forthcoming government reshuffle. Indeed, we do not know which of the ministers and parliamentarians of PASOK will maintain their posts. Also, we do not know what ministers will follow the fate of Mr. Fotilas and Mr. Drettakis. We will therefore avoid naming people despite the rumors about specific names which also appeared in the press and are heard of in the political corridors. We can however assume, the motives for the envisaged government reshuffle and what will be the criteria in effecting such reshuffle. The first can be attributed to the negative course during Mr. Papandreou's eight-month long administration. The latter and incorporated in the positive expectations of the Prime Minister himself to deal with the critical problems that have piled up. Indeed, the landslide victory won by PASOK during the elections has proven quickly to be a trap. The euphoria of the ministers and key members of the government soon changed to arrogance and narcissistic apathy. Experimentation and improvisation has replaced solid planning. The government, during this eight-month period, has displayed, earlier than anticipated by its critics the weaknesses and inefficiency of its separate members. It has also displayed the looseness of the collective governing instrument and the lack of any coordination whatsoever among the various levels of the hierarchy. The punch used by the Prime Minister to deal with these deficiencies, instead of rectifying them it makes them more prominent. This chaotic division between the Prime Minister and his ministers could be the result of the Prime Minister's policy that did not make clear to his collaborators that the period of irresponsible proclamations and populist philosophy has ended irrevocably in

front of the cruel realities and the absolute need for responsible dealing with such realities. The criteria, therefore, to be used during the forthcoming reshufflings are fixed - establish a new government form giving guarantees of sobriety and awareness of responsibility. A hard working group imbued with the statement of the Prime Minister made at Varna that the time for truth has come for all.

CSO: 4600/631

## DISSIDENTS WITHIN COMMUNIST PARTY ARE ORGANIZING

Rotterdam NRC HANDELSBLAD in Dutch 24 Jun 82 p 3

[Article by one of our editors: "Critics of the CPN [Communist Party of the Netherlands] Policy are Organizing"]

[Text] Amsterdam, 24 June--CPN members who criticize this party's present policy are organizing outside their own branch. A working paper in which the party's political and organizational functioning is criticized is circulating in the CPN. The paper is intended for the so-called "horizontal consultation of communists."

In the working paper, which, among others, is signed by the Amsterdam Town Council member, Laurens Meerten, the party is reproached for not playing more of a "leadership role" in the "process of change to socialism." The Communist daily DE WAARHEID is also criticized. According to the signers of this paper, the editors of this newspaper do not sufficiently support "people involved in the struggle." Van Meerten and his associates criticized that in DE WAARHEID'S letters to the editor section, in which fierce discussions raged in the last half of the year about a number of subjects, leading party comrades even had to request attention for their points of view.

Likewise the group is concerned about the collapse of the Stop the Neutron Bomb Committee led by the communists. According to the critics, that shows an "ideological disorientation" of the party. According to the critics the current peace movement is "pacifist, neutral and classless" in nature.

In the continuation of this, they criticize indirectly the CPN's attitude towards the Soviet Union. They recognize the existence in the Soviet bloc of a number of negative "secondary phenomena," but consider the origin of the bloc a "positive development." The group criticizes the comrades who unconditionally reject a one-party system.

There is also no unanimity about the course to follow in the expanded CPN executive committee. Last week there was a fierce discussion about the question in what way the report "The CPN in the War" must be recalled.

In this report from 1958, the leadership of the illegal CPN was accused in the last years of the German occupation of having worked for the English secret service. In spite of the opposition, among others, of the Amsterdam council member R. Walvaren, the party executive committee finally agreed on a compromise motion which called the report a model of Stalinism in the CPN.

8490

CSO: 3105/190



POLLS SHOW ENVIRONMENT PARTY GAINING, VPK LOSING SUPPORT

Environment Party May Enter Riksdag

Stockholm DAGENS NYHETER in Swedish 16 Jun 82 p 6

[Article by Sven Svensson]

[Text] The Environment Party has a chance to gain 4 percent of the votes during the fall election, thereby achieving representation in parliament.

This was shown by a voter survey on the small parties taken by the Foundation for Opinion Analysis.

The Christian Democratic Party (KDS) is gaining in voter support, but remains far from the 4-percent barrier.

During April and May when the survey was made, the Environment Party received 7.3 percent of the voter support. A supplementary question indicated that only a small fraction of these supporters actually intended to vote for the Environment Party.

According to the foundation the probability that voters will vote for the Environment Party is 4 percent.

This survey differs from ordinary voter polls. In most polls voters are asked which party they believe is best. Instead, the Foundation for Opinion Analysis asked the question:

"Which party would you vote for if the election were held today?" This question was answered in favor of the Environment Party in 7.3 percent of the cases.

The foundation then asked:

"How probable is it that you will vote for KDS or the new Environment Party this fall?"

The answers to the supplementary question show that the Environment Party has too few certain voters and that the number of supporters is increasing at the

same rate as the uncertainty among voters as to whether or not they actually will vote for the Environment Party. KDS support is following the opposite trend.

Among Environment Party supporters, 0.8 percent say that it is "certain" that they will vote for the Environment Party, 1.5 percent say it is "highly probable," 1.7 percent "quite probable," 3.2 percent "quite possible," and 0.1 percent "possible."

The conclusion is that the Environment Party may reach the 4-percent level, but it is far from certain.

The total figure for KDS is 3.6 percent, which is higher than normal. KDS has "certain" support from 0.9 percent of the voters, while 1.2 percent say it is "highly probable" that they will vote for KDS, 0.5 percent say it is "quite probable," 0.5 percent "quite possible," and 0.5 percent "possible."

This means that the probability of voters voting for KDS is 2.6 percent, compared to 1.5 percent in other opinion polls.

#### Rising

One out of four qualified voters believes there is a need for a new party. In 1979 and 1980, 20 percent believed that a new party was needed in parliament, but in 1981 and 1982 the figure has risen to about 25 percent.

The number of voters that could conceivably vote for a party not represented in parliament has risen. In 1979 to 1981 the figures varied from 1.0 to 1.8 percent, but in 1982 the figure has doubled to 4.7 percent.

This large increase is due to former Center Party voters who now feel they could vote for the Environment Party.

The number of nonvoters has also doubled. In 1979 and 1980 the figure was between 2 and 3 percent, while in 1981 it rose to 4.6 percent and in 1982 to 5.0 percent.

The number of voters who refused to answer, on the other hand, has dropped from 11.9 percent in 1979 to 10 percent in 1981 and 8.1 percent in 1982.

Among voters who indicated that they could vote for the environment party, the greatest number (47 percent) voted for the Center Party in 1979, while 16 percent voted for the Social Democrats, 11 percent for the Liberal Party, and 7 percent are first-time voters.

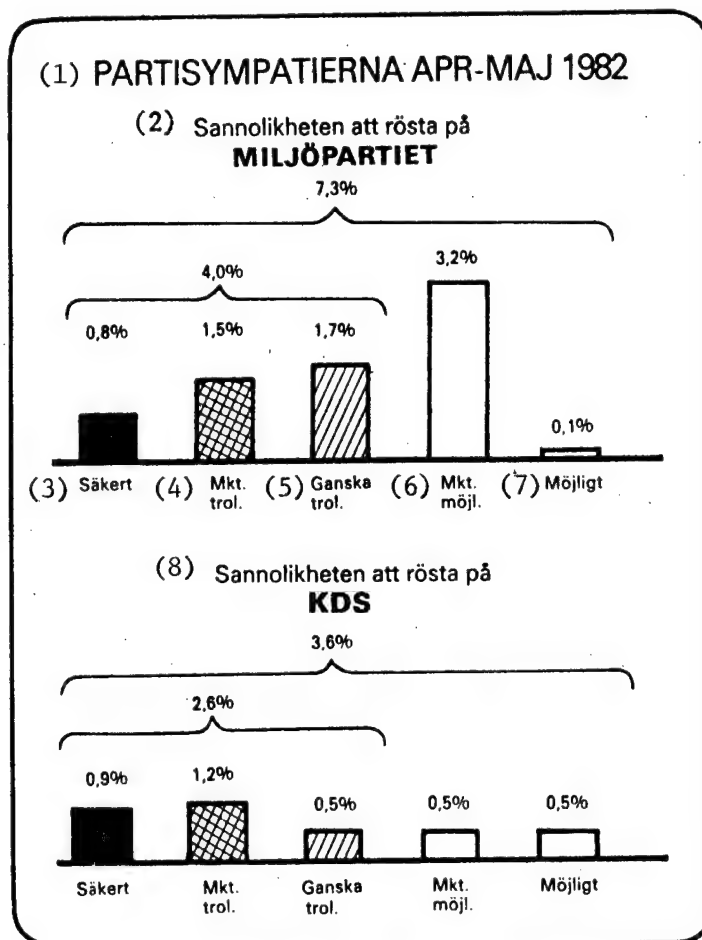
#### Supporters

A majority of the Environment Party supporters, 82 percent, believe that the party will be represented in parliament, compared to 48 percent among qualified voters at large. Only 29 percent of the KDS supporters believe

their party will be represented in parliament.

Supporters of the Environment Party, more than the supporters of the other parties, hope for greater equality between the sexes and have a greater fear of worsening environmental conditions and the increased use of computers and robots.

KDS supporters fear increased alcohol abuse and, compared to the other parties, they approve of qualifying days for sick benefits.



Just over 7 percent support the new Environment Party.

Of the 7.3, 0.8 percent are "certain" they will vote for the Environment Party, for 1.5 percent it is "highly probable," 1.7 percent "quite probable," 3.2 percent "quite possible," and 0.1 percent "possible." This presents the possibility that this party will receive 4 percent in the election.

The Christian Democratic Party, KDS, received a total of 3.6 percent, but the degree of certainty was stronger among KDS supporters.

Key to figure:

- 1 Party Support during April and May 1982
- 2 Probability of votes cast for Environment Party
- 3 Certain
- 4 Highly probable
- 5 Quite probable
- 6 Quite possible
- 7 Possible
- 8 Probability of votes cast for KDS

#### Environment Party Campaign Leadership Named

Stockholm DAGENS NYHETER in Swedish 16 Jun 82 p 6

[Article by Ake Ekdahl]

[Text] During the election campaign the Environment Party's leader, or convener as they say, will be a woman from Borlange, Swedish Missionary Society member Ragnhild Pouhanka.

She will assume this post at the large executive committee meeting in Falun on 2 to 4 July.

Pouhanka is now vice-chairman under Ralph Mono and her election as convener follows the line of succession prescribed by the party's by-laws.

The convener is appointed according to a predetermined schedule for a term of about 1 year.

The next change will take place in October, several days before the new parliament convenes. Founder of the party Per Gahrton will be convener through the remainder of the year.

But if Gahrton becomes a member of parliament he will not become party leader. The by-laws state that anyone representing the party in parliament must leave the political committee from which all conveners are chosen.

## Experience

"The parliamentary group must have a leader, too," Gahrton told DAGENS NYHETER.

He is the only member of the party with practical experience in parliament. He is not concerned over the difficulty the Environment Party has in choosing between the nonsocialist and the socialist blocks.

"Swedish politics is changing slowly from block politics with solid support for the government on all major issues to a different system in which parliament has more power. We want to accelerate this development," he said.

Gahrton believes that no government needs to be brought down simply because its proposals are voted down in parliament.

"We saw examples of this under the Liberal Party government. Many of its most important proposals were voted down, but the government did not resign."

## Constitution

"The new constitution makes it possible for us to vote down proposals without removing the government from office. Any government may remain until parliament wants it to go and votes for a declaration of no confidence."

Many older members of parliament have not adapted to the new rules and this is why they do not believe that the Environment Party can be effective, according to Gahrton.

He also believes that governments will utilize the threat of resignation and new elections to force approval of their policies.

"In the future, governments must learn not to set limits immediately for their actions, but first try to negotiate for better proposals in parliament."

For this system to work, he wants all parties in parliament, including VPK, to be represented in all committees. This is not the case today.

## Guidelines

The Environment Party is campaigning in all districts. The first weekend in July the executive committee and the top candidate on each election list, a total of 28 persons, will meet in Falun to draw up guidelines for the campaign.

"We will try to distribute sample ballots to most households and at each voting place, but our resources are limited. The election must cost us no more than the 1 million kronor we have collected," Gahrton said.

He is not particularly worried by the fact that only 0.8 percent are sure they will vote for his party, according to the opinion poll described above.

"We are a new party and voters will have their doubts even in the voting booth," he said.

#### Environment Party Could Preclude Majority

Stockholm DAGENS NYHETER in Swedish 16 Jun 82 p 2

[Text] The chances of the small parties, primarily the Environment Party, to break the 4-percent barrier in the elections on 19 September are extremely favorable, if we are to believe the survey from the Foundation for Opinion Analysis presented in DAGENS NYHETER today.

Exactly 4 percent of those questioned said it was certain, highly probable, or quite probable that they would vote for the Environment Party this fall. The corresponding figure for KDS is 2.6 percent. An additional 3.2 percent said it was "quite possible" that they would vote for the Environment Party, meaning that total support for the party is just over 7 percent today.

"Environment Party members are like small children," Center Party secretary Allan Pettersson has said. This comparison did not serve as a successful warning, since one certain characteristic of small children is that they tend to grow.

If the Environment Party gains representation in parliament, which would give them at least 14 seats, it is probable that neither the leftist nor the rightist block would hold a majority, especially if VPK falls below the 4-percent limit. This would give the new party a strong position that could disturb the present system or force organized cooperation across the old block boundaries. Just look what small children can do!

#### VPK Now Under Threshold for Riksdag Seats

Stockholm SVENSKA DAGBLADET in Swedish 20 Jun 82 p 6

[Article by Bo Ostlund]

[Text] In the latest SVENSKA DAGBLADET-SIFO (Swedish Institute for Public Opinion Polls) survey VPK was clearly below the 4-percent threshold. This makes the question of who will form the government even more acute--without VPK votes, the difference between the two blocks is extremely small: 45.5 percent for the nonsocialists and 47 percent for the socialists.

The last major voter poll before the election, published by SVENSKA DAGBLADET-SIFO, shows that the situation has changed dramatically in a period of only several months: as VPK has declined, the new Environment Party has grown to about the same size as VPK--2.9 percent. VPK received 3.0 percent in the June poll.

Other parties--primarily the Environment Party and KDS--received a combined total of 4.5 percent of the voter support.

SIFO points out in its comments that the figures cannot be applied directly to an election. Among other things, the oldest voters do not participate in SIFO polls. As in previous polls, in the June poll (the survey was made between 26 May and 9 June, when 1,011 persons 18 to 70 years of age were interviewed at their homes) SIFO found a low percentage of voters with no preference--only 6 percent.

The June figures were as follows (May figures in parentheses): Conservative Party 25.5 percent (25.5), Liberal Party 8.5 percent (8), Center Party 11.5 percent (10.5), Social Democrats 47 percent (46), VPK 3 percent (5), and other parties 4.5 percent (5).

#### Stable Conservative Party

The Conservative Party remained at the 25.5 percent level where the party has been in the last three polls after reaching a high point of 28 percent in December-January.

In June 1981, 1 year ago, the Conservative Party received 26.5 percent in the voter poll.

Compared to June 1981, the Liberal Party now is 2.5 percent higher, but 7 percent lower than in June during the election year of 1979 when the Liberal Party received 15.5 percent.

At its meeting in Orebro, the Center Party can celebrate its 1-percent gain over the 10.5 percent the party received in the surveys taken during April and May. Thus, the Center Party's 11.5 percent today is 1 percent higher than in June 1 year ago, but 4.5 percent lower than in June during the election year of 1979 when the Center Party received 16 percent.

During the winter and spring months the Social Democrats varied from 46 percent to a high of 48.5 percent (in April). In June of last year the Social Democrats received 50 percent, after only 43 percent during the summer of 1979.

VPK showed the only statistically reliable change--a drop in voter support.

#### Long-Term Trends

In terms of SIFO's long-term trends (mean values over a 9-month period) the Conservative Party has stabilized at 25.5 percent, while both the Liberal Party and the Center Party seem to be on the way up, although gradually.

The Social Democrats have shown a slight downward trend, while the decline of support for VPK has been sharper.

Since this is the last SVENSKA DAGBLADET-SIFO poll before the period just preceding the election, it may be of interest to compare this poll with the election results of 1979--again with the reminder that voter polls are not

directly comparable to elections, since persons over 70 years old are not included in the SVENSKA DAGBLADET-SIFO polls, among other reasons.

The following percentages were received in the September 1979 election (figures in parentheses are from the present poll): Conservative Party 20.3 percent (25.5), Liberal Party 10.6 percent (8.5), Center Party 18.1 percent (11.5), Social Democrats 43.2 percent (47), and Left Party Communists 5.6 percent (3).

#### Environment Party Advancing

The SIFO study shows that the new Environment Party is responsible for the increased support for parties not presently represented in parliament.

Never before has SIFO found such a high percentage of voter support for a new party.

People interviewed in the voter polls receive no printed ballot for the many small parties not represented in parliament and anyone wishing to support one of these parties must write the name of the party on a blank ballot provided during the poll.

The trend followed by the Environment Party is presented below:

Fourth quarter 1981: 1.4 percent, first quarter 1982: 1.7 percent, and second quarter 1982: 2.9 percent.

The figures for KDS during the same period were 1.2 percent, 0.9 percent, and 1.3 percent.

The other small parties combined have varied from 0.2 to 0.5 percent. At present they are at the 0.2-percent level.

#### Desire to Vote

SVENSKA DAGBLADET--SIFO also measured the desire to vote within the parties, as compared to previous election campaigns. The poll showed that the desire to vote still is high or extremely high among Conservative Party supporters, while in the Liberal Party and the Center Party it has decreased somewhat compared to previous election campaigns.

It is still extremely high among Social Democrats.

#### Paper Analyzes Poll Trends

Stockholm SVENSKA DAGBLADET in Swedish 20 Jun 82 p 2

[Editorial]

[Text] Apart from the decline of the communists, all the changes in SIFO's voter poll for June are within the margin of error. Nevertheless, it is tempting to speculate over the results.



Since the communists are clearly below the 4-percent barrier, the actual difference between the nonsocialist and the socialist parties has dropped to 1.5 percent, which puts them virtually even. Still, it is too early to speak of a photo-finish in this year's elections.

The Left Party Communists have had considerable difficulty attracting new voters. So far, however, they have managed to stay on the right side of the 4-percent boundary. In any case, there is a real chance that Lars Werner's party will end up on the wrong side of the barrier this year.

What picture does this present to the socialist parties?

Even if VPK fails to achieve representation in parliament, 47 percent for the Social Democrats would be enough for a parliamentary majority. On the other hand, the gap between the Social Democrats and the nonsocialist parties is only 1.5 percent according to the June figures. For this reason, an exodus of Social Democrats to the communists would weaken Palme's chances of regaining power.

Thus, the summer nights will not be particularly calm for party secretary Sten Andersson (Social Democrat). How should they deal with VPK? Should the Social Democrats attack Lars Werner in hopes of gaining the necessary margin? Or should Olof Palme be more friendly toward Werner as in the 1979 campaign in hopes of helping the communists over the 4-percent barrier in order to assure a socialist majority?

The SIFO also will give the party secretaries of the nonsocialist parties no cause to relax this summer. To be sure, the polls are favorable this time, but if VPK clears the 4-percent barrier the socialists will hold a considerable advantage.

At the same time, 45.5 percent provides a good base for the nonsocialist parties. It would be difficult for the Social Democrats, with their 47 percent, to hold themselves aloof from widespread discontent in their own rank and file and from the determination of broad groups of people to turn the tide in favor of the nonsocialists.

In the nonsocialist camp, the Conservative Party has stabilized at about 25 percent. That should instill confidence within the party, especially in the face of speculation that the new leadership cannot maintain the position built up by Gosta Bohman. During the final phase of the campaign, the party can count on both Ulf Adelsohn and Gosta Bohman, a combination of experience and renewal.

As the Center Party entered its national congress, SIFO announced a 1-percent increase in support for that party. Considering the burden the Center Party had to bear on the sick-benefit issue, this is a well-deserved stimulus that is

especially welcome on the background of all the predictions that many Center Party supporters would defect to the Environment Party.

For several months the Liberal Party has enjoyed a slow but sure increase in support, a well-earned reward for the strong stands that party has taken against the Social Democrats. The interesting aspect is that both the Liberal Party and the Center Party have made advances, but not at the cost of the Conservative Party. The lesson to be learned here is simple: victory is to be achieved not through internal quarreling within the socialist side, but through a united front against the socialist parties.

This could be a decisive factor in mobilizing the voters. Various trends indicate that voter participation could be lower than before, i.e. the number of nonvoters could increase. What greater impetus could there be to mobilize nonsocialist voters than the battle against the wage-earner fund brand of socialism and the struggle for a new three-party government?

#### VPK Issues Campaign Platform

Stockholm SVENSKA DAGBLADET in Swedish 14 Jun 82 p 6

[Text] A rent freeze, an end to sales tax on basic food products, a tax reform that would favor low- and middle-income earners, an end to the lockout right of business owners, no qualifying days for sick benefits, and "no" to the JAS airplane.

These are some of the demands in the campaign platform presented on Sunday by the Left Party Communists.

The party also supports sharply increased support for culture and the arts and guaranteed employment for young people.

"Replace capitalism with planned economy, democracy, and socialism," the platform states. One step in this direction is for workers to take over key positions in large banks, foundations, investment companies, and large industries.

The party also calls for the "Wallenberg Empire" to be placed under public ownership along with commercial banks, insurance companies, and other credit institutions.

#### VPK Leader Comments on Disappointing Poll

Stockholm SVENSKA DAGBLADET in Swedish 21 Jun 82 p 6

[Text] "The realization that VPK is needed in the parliamentary system usually increases before an election. For this reason, I believe it is totally inconceivable that VPK could receive only 3 percent of the vote."

This was stated by vice-chairman of the Left Party Communists Eivor Marklund in

his comments on the SIFO poll presented by SVENSKA DAGBLADET yesterday. VPK lost 2 percent of the voters compared to the previous survey, resulting in 3 percent for VPK. If this figure should prove true, VPK would not be represented in parliament.

"But I have traveled throughout the country recently and met with increased support for VPK. There is no particular political issue that could explain the decrease in support. For this reason, I do not believe that the SIFO figures are correct," Eivor Marklund said.

The Environment Party, on the other hand, has made advances according to the survey. With the support of 2.9 percent of the voters, the Environment Party would be about as large as VPK.

#### Nonsocialist Environment Party

"In my opinion, the Environment Party is a nonsocialist party," Eivor Marklund said. "I do not believe we have lost many supporters to the Environment Party."

Ragnhild Pohanka of the political committee of the Environment Party shares Eivor Marklund's opinion on one point:

"We have not won many supporters from VPK. VPK itself has a good environmentalist program. Otherwise, I believe we have gained support from all the other parties," Ragnhild Pohanka said.

She is convinced that the Environment Party will receive over 4 percent of the vote and, therefore, gain representation in parliament.

"During the summer we will have a better opportunity to present our platform. At that time, we will gain even more support," said Ragnhild Pohanka.

9336  
CS0: 3109/192

## CONSULTATIVE ASSEMBLY FACTIONALISM RAISES CONCERN

## Three Groups Alleged in Assembly

Istanbul MILLIYET in Turkish 4 Jun 82 p 9

[Article by Hayri Birler: "Three Groups Forming in Consultative Assembly"]

[Text] Ankara -- Groups have begun to form in the Consultative Assembly no more than 7 months after its creation, and Orhan Aldikacti, chairman of the Constitutional Commission, has held a secret meeting with several members of the committee and certain designated Assembly members. The first meeting, attended by about 30 members, was held last Wednesday night in the Constitutional Commission's conference room and reached the decision that these meetings should be held on a continuing basis and "with a larger group." According to information obtained from members who attended the meeting, the 160 members of the Consultative Assembly were separated into three groups as "Ataturkist liberals," "social democrats" and "dissenting radicals." Discussion centered on the fact that "Ataturkist liberals" comprise the numerical majority and the need to form a "group" should the meetings become regular. In answer to the question of whether this group would form the kernel of a political party when democracy is restored, one member said, "Forming a political party is not the issue at present, but neither is it something we haven't thought about."

According to information obtained from members willing to discuss their attendance at the meeting, the emergence of the "Ataturkist liberals" and the contacts leading up to the first meeting happened like this:

The thoughts of Consultative Assembly members on political, social and economic topics took shape during the budget discussions. The criticisms offered during the budget discussions and motions made earlier before the committee led to growing closeness among the supporters of these motions.

#### First Standard Was Capital Punishment Vote

The next issue after the budget discussions was the bill to abolish capital punishment and the membership was polled at the signature stage. It was decided, in order to clarify the positions of members who had not expressed their views, that there should be a motion for a roll-call vote on the capital punishment

bills. This proposal came from Constitutional Commission member, retired Lt Gen Ihsan Goksel, and the practice was initiated by a motion signed by about 15 members and seconded by Ibrahim Goktepe, a Consultative Assembly member who was a JP national deputy from Icel from 1973 to 1977. The identities of the members who voted against or abstained on the bills on execution of capital punishment became known, and this voting procedure continued to be used for a while until a judgment was reached on how all members stood and the files on persons condemned to death for routine crimes prior to 12 September began coming before the Assembly, when the request for roll-call voting was dispensed with.

In succeeding months during discussion of amending the Land Reform Law, opinion grouping among Consultative Assembly members became more pronounced. Some members of the Constitutional Commission, led by Orhan Aldikacti, opposed enactment of the bill in the form proposed by the government and Sener Akyol, as spokesman for the Constitutional Commission, took the podium several times to argue that the government's proposal was unconstitutional. Disagreements arose in the Constitutional Commission during discussion of this bill, and Feyyaz Golcuklu, Turgut Tan and Recep Meric voted in favor of the government proposal. The bill was ultimately accepted in the form desired by the government, but the members who would later form the "Ataturkist liberals" group began hinting that the National Security Council [NSC] would not accept the bill in this form.

#### First Meeting

The day-to-day work in general session, arguments over language and the formation of alliances in the committees eventually made the grouping obvious and when it became clear, meanwhile, that the Constitutional Commission would be completing its preliminary work on the new constitution in a few months, Commission Chairman Orhan Aldikacti began making contacts with certain members for the meeting which was held last week. It was suggested that the first meeting be kept small and, in line with this, about 30 people were invited to the Constitutional Commission's conference room after the general session last Wednesday.

Orhan Aldikacti, Sener Akyol, Tevfik Fikret Alpaslan, Ihsan Goksel, Mumin Kavalali, Esat Yildirim Avci, Nurettin Ayanoglu, Bekir Sami Dace, Ibrahim Goktepe, Turan Guven, Atalay Pekoz, Osman Yavuz, Fuat Azgur, Azmi Eryilmaz, Dogan Gurbuz, Halil Erdogan Gurel and Avni Sahin were definitely identified among the members attending the meeting, though some of these members maintained that they had attended no such meeting and others said they would make no comment on the meeting. Some of these members, however, said they had attended the meeting and provided information about what was discussed.

#### Secret But Not Secret

All of these members who attended the meeting asked that the information they gave be reported as their own comments, saying, "Our dear Mr Aldikacti and Sener Akyol in particular asked that we not give information to the press. I don't think the meeting was secret; if it had been, we could not have met in the Constitutional Commission conference room but would have had to go elsewhere. But still there are some things which certainly ought to be kept secret."

The members providing information on the meeting explained that first Aldikacti had made a statement about the principles of the new constitution. They said, "We will act in concert during discussion of the constitution. Furthermore, we are in favor of the debates' not being protracted and will take certain measures for this purpose." None of the members of the Consultative Assembly Speaker's Council nor any of the Assembly's five women members attended this meeting. There were complaints at the meeting about the attitude of the Speaker's Council and the need was particularly stressed to replace Speaker Sadi Irmak.

#### "A Group Must Be Formed"

The members who asked not to be identified but gave information on the meeting said:

"All members of this assembly are Ataturkist. But Ataturkism is open to interpretation. We see Ataturkism as it was practiced when he was living. Some of our colleagues do not think as we do. We have social democrats and even radicals. It is impossible for us to act in concert with them. Many topics have been debated so far and it has become clear that we and they cannot get together. It is going to be like this on the constitution, too. Therefore, it is necessary for us to get together as Ataturkist liberals right now and determine how we shall act. We have held our first meeting. These meetings will definitely be held regularly, weekly or bi-weekly. We are thinking of holding the second meeting this week and will have a larger group in attendance. We will form a group and some of our colleagues will express our views in the committees and general session on behalf of our group. In this way, prolongation of debates will be prevented. We asked our dear Mr Aldikacti to get the constitutional draft to the general session by 15 July. We will study and assess the constitution over the recess and, when the Assembly reconvenes on 1 September, we will select the committees and Speaker's Council and begin discussion of the constitution."

#### Incumbents Will Be Reelected

The members said they would try to have the same members reelected to the Constitutional Commission, that consideration had even been given to Tevfik Fikret Alpaslan and Ihsan Goksel for Assembly Speaker, but these proposals were not accepted because they wanted to remain on the Constitutional Commission.

Meanwhile, it was learned that none of the Assembly members with military backgrounds except Tevfik Fikret Alpaslan and Ihsan Goksel had attended this meeting. The members all give similar answers to a question on whether the persons attending the meeting formed the kernel of a political party to be formed upon the restoration of democracy. One member replied, "Forming a political party is not the issue at present, but neither is it something we haven't thought about," while another said, "Certainly there are those among us who wish to be politically active in the future and I think they will act in concert when the time comes."

The members who see themselves as "Ataturkist liberals" named the following members as among the persons they describe as "social democrats":

Mehmet Akdemir, Mustafa Alpdundar, Remzi Banaz, Fikri Devrimsel, Akif Erginay, Kamer Genc, Feyyaz Golcuklu, Feridun Guray, Ozer Gurbuz, Serda Kurtoglu, Tulay Oney, Nermin Oztus, Kazim Ozturk, Isa Sarioglu, Ibrahim Senocak, Turgut Tan, Ragip Tartan, Ture Tuncbay, Cahit Tutum, Sadan Tuzcu, Serafettin Yarkin.

They declined to name the members they consider dissenting radicals or extremists, saying only, "There are not many of them, but they are there."

Aldikacti Says, "No Such Thing"

Constitutional Commission Chairman Orhan Aldikacti said of the meeting held in the committee conference room, "This and the others are meetings held in the framework of constitutional preparations."

Aldikacti contended that there was no question of any "grouping" and said he had no information about such an organization. He said:

"There is no question of any group or grouping. I hold meetings and invite to them my colleagues whose opinions I respect. The meeting you mentioned must be one of those. These meetings are by no means limited to members of the Constitutional Commission. I will be holding meetings of this kind until the constitution is passed."

Aldikacti did not answer the question about whether he was included in any group formation, but said, "You can see the general session better from the press box. You can look from there and tell better whether there is any grouping." He then continued:

"Now don't take these comments as a statement. Meetings are being held, but it is up to you to decide whether there was a meeting in the form you say or whether it was a different sort of meeting. Orhan Aldikacti is neither denying nor confirming your report."

#### Ozyoruk Eyes Significance of Factions

Istanbul TERCUMAN in Turkish 10 Jun 82 p 6

[Article by Mukbil Ozyoruk: "Group Formations in Consultative Assembly"]

[Text] Reports have been rampant since 4 June about the formation of certain "groups" in the Consultative Assembly and brief statements have even been released. It looks as though the reports and comments on the nature and significance of the problem are going to continue for some time. The latest information we have today is that the NSC General Secretariat is investigating this "grouping" phenomenon.

Law No 2485 on the "Constituent Assembly" which governs the formation and activities of the Consultative Assembly said that candidates for membership in the Consultative Assembly could not have been members of any political party on 11 September 1980. The same law also says that Consultative Assembly members

cannot be "quota candidates" from any political party in the first general election held subsequently. Actually, we would have desired on this point a ban, not just on quota candidacy, but on running for election at all, at least for "one term." We would say that the party membership rule ought to be taken back to a date far prior to 11 September 1980.

The purpose for this, no doubt, was not the hope that the distinguished members would not have specific sociopolitical and socioeconomic views, but to see that they would content themselves with working for the realization of these views through personal initiative and effort exclusively. To distance them from "parties" and, to an extent, from "election" was to have the benefit at the same time of distancing them from "group formation." What was expected from them was not to be "divided" but to "cooperate," working through their "differing" personal views. Some of them, even if "unsuccessful" at this, were valued for their "past experience" and, for example, there was no objection to having those who had written the 1961 Constitution as "members of the Representatives' Assembly" of the time participate as "members of the Consultative Assembly" in writing the new constitution to replace the old one. One cannot deny that the distinguished [National Security] Council applied the broadest standards that conditions would permit in designating members of the Consultative Assembly.

However, while it was expected from them that they would "complement each other" in the direction toward which the principles advocated ever since the day of 12 September itself pointed and would produce a joint work reconciling and bringing together differing personal views along the lines set forth both in the distinguished head of state's historic opening address to the Consultative Assembly and his other statements containing "constitutional" directives and new foundations, it is shocking to hear that "groups are forming" in our Consultative Assembly.

There are not yet any political parties in the country at the present time. It will even be said perhaps that it is debatable whether these "groups" we are talking about have actually been formed. But the news reports seem intent, at least in the first stages, on an "institutionalization" which might be said to conform to the theories of the world-renowned jurist Hauriou. "Groupings" in the general sense are certainly inevitable, certainly unavoidable, in that the distinguished members hold different opinions and will so vote on any problems which come or are brought before the Consultative Assembly. But the continuation, the hardening, outside discussion and voting, of these /"spontaneous"/ [in boldface] (automatic) groupings which occur exclusively in reference to specific issues per force brings about "institutionalization." Certainly it is unthinkable that a right not yet granted to the citizens would be considered a privilege granted to the distinguished members.

According to what can be garnered from the reports, a "Social Democrat" group formed first and made its presence known in the discussion and voting on capital punishment, Land and Agricultural Reform and certain other bills. Then, in reaction to this, an "Ataturkist Liberals" group formed. This is the rumor. There is even talk of a "Dissenting Radicals" group. It is the true desire of the Nation, I think, that the "clash of ideas" which is to produce the "swift



sword of truth" should stem from foci which may be different, not "like this," but in the degree to which they are conducive to "cooperation" in the full sense. Moreover, considering that the "fundamental" task of our Consultative Assembly to "prepare the constitution" is still far from completion even in committee and that nothing has even been done yet about the political parties and electoral laws, we cannot be happy about this grouping. It just makes us wonder: Would it have been better if these three bills had been drafted and the Consultative Assembly formed afterward?

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## OVERVIEW OF NATION'S DEFENSE INDUSTRY

Paris DEFENCE &amp; ARMAMENT IN English May 82 pp 34-37

[Article by Antonio Ciampi: "Italy's Defence Industry"]

[Text]

**F**ollowing the destruction caused by the Second World War and the subsequent stagnation, the Italian arms industry rose from the ashes to which it had sunk as a result of the destruction during the war, the restrictions placed on it by the peace treaty and by the need, in the initial post-war years, to orient its industrial development to the most pressing needs of civil reconstruction.

In the years immediately following the Second World War, the small Italian Armed Forces were equipped with obsolete equipment or equipment derived from equipment supplied from United States' surpluses or by the Allied powers, or with equipment directly recovered from that used or destroyed during the war.

Only in the fifties, with Italy's entry into NATO, with the falling away of the fetters of the armistice and with the rebirth of heavy industry, did the Italian arms industry begin to climb back up the path which has brought it to its present level.

In the early sixties, the panorama of the Italian arms industry, with the major transfers especially of United States' technology and the changing demands in the international arena, began to change radically. Italian industry moved into increasingly sophisticated sectors such as the aeronautics sector (aircraft engines, Bell helicopters produced

under licence by Agusta, jet aircraft such as the North American F 86K Sabre and subsequently the Lockheed F 104 Starfighter) based initially on production under licence and subsequently on local Italian products

(the Aermacchi MB 326, extensively sold abroad where it is used as a light tactical support aircraft, or the Fiat G-91, a tactical support aircraft which obtained a NATO specification and was sold even to nations possessing advanced technology such as West Germany). In the field of army equipment, Italian industry sold in particular the well-known OTO Malara 105/14 howitzer, which obtained one of the greatest sales successes for Italian military equipment, as well as the Beretta range of light arms.

From an initial stage of heavy dependence on foreign technology and know-how, and then production under licence, Italy advanced through to the stage of developing and manufacturing increasingly sophisticated systems destined in particular, apart from the replacement and reinforcement requirements of the Italian Armed Forces, for a foreign clientele formed of countries rich in raw materials but technologically backward, where there was an increasing demand for advanced technology weapons at low prices. At the beginning of the seventies, Italy began to produce by itself, often on the basis of original designs and construction, a large series of weapons systems such as modern surface vessels, submarines, on-board weapons systems and electronics, aircraft, army vehicles, missiles, etc., designed both for the domestic market and for the expanding foreign market, where a traditional supplier such as Great Britain (for a series of reasons ranging from structural and managerial defects to Britain's declining political and economic influence on the international scene) was gradually yielding ground, while other

technologically advanced nations did not succeed or were incapable of entering these markets (a typical example being West Germany, which during the initial years of the rebirth of a now flourishing arms industry had to turn, for its exports, to other European nations, due to the restrictions placed on it by the Peace Treaty : witness the type 206 submarines designed by the Lubeck Ingenieurkontor, which were sold to Israel by the British firm Vickers).

Moreover, towards the end of the seventies, while the Italian industry (especially the shipbuilding industry) managed to obtain major foreign contracts (in 1974 contracts were signed for the sale of four *Lupo* type frigates to the Peruvian Navy) and while the Navy Law for the strengthening of the Italian Navy provided industry with the investments and contracts which were to enable a qualitative leap forward, cooperative projects also got under way. These projects led, on the one hand, to results such as the trinational Tornado, the binational OTOMAT anti-ship missile and the trinational 155 mm FH-70 and SP-70 howitzers. At the same time they brought about a decisive increase in the technological and production capacities and ultimately also in the foreign credibility of which the Italian arms industry stood in large need. The two explanations for the growing success of the Italian arms industry are, on the one hand, the advance in quality resulting from participation in such joint programmes, and on the other hand the increasing Italian presence on world markets as a result of the good cost-effectiveness of the products presented as well as the growing needs of the purchasing nations.

## Shipbuilding

Apart from successful products such as the 105 m light howitzer from OTO Melara or the MB 326 training aircraft produced by Aermacchi, the sector in which the Italian arms industry first revived and affirmed itself was the shipbuilding industry.

Favoured by the Navy Law which, on the one hand, provided a partial solution to the domestic question of the credibility of the nation's naval forces and on the other hand provided the shipbuilding industry and the associated electronics and weapons industries with a firm international platform for their resurgence, the strengthening of the Italian Navy also served to forge new ideas and

products, and served as a commercial weapon, with the launching of a biennial Naval Fair devoted to naval armament (held for the first time in 1976 and repeated since then in 1978 and 1980, while the fourth show is at present being prepared) which produced major results.

From a navy consisting of United States surplus equipment or Italian products at the prototype status, the Italian Navy has managed

to become an integrated force consisting of ships built in large series for specific applications and based on a very specific general plan, taking into account long-term considerations.

In this manner, vessels were produced such as the *Sparviero* class hydrofoils, of which six models have at present been ordered by the Italian Navy, or the successful *Lupo* type frigate (of which four have been ordered by the Italian navy, as well as foreign navies such as the Peruvian, Venezuelan, Iraqi and Egyptian Navies, which have ordered 16 ships), or *Sauro* submarines.

All these vessels are still produced by the Italian naval shipyards, and in spite of the rapid growth of German competition, the Italian naval shipbuilding industry still provides a range sufficient to cover the main requirements of the purchasing navies.

An example is provided by the contract, signed with the Iraqi Navy for the sale of four *Lupo* type frigates, six *Esmeraldas*-class corvettes similar and a logistic ship of the *Vesuvio* type, of which two are already in service with the Italian Navy.

The Italian naval shipbuilding industry is now capable of covering virtually the entire foreseeable range of a market which has now clearly shown its two main tendencies, namely, cruisers with helicopter decks of the *Garibaldi* type (under construction in Italy), which can be regarded as an interesting vessel for those countries — Australia, Argentina, India and Brazil — which now have to replace their old aircraft carriers left over from the Second World War with vessels meeting modern requirements) and fast missile-launching hydrofoils of the *Sparviero* type, small, highly manoeuvrable vessels powerfully armed and able, due to their sophistication and advanced technology, to compete in limited theatres with much larger and more expensive vessels.

The market, and the Italian response, have chiefly become oriented towards vessels of two kinds : on the one hand, frigates in the

## Volume of Italian Arms Exports

An exact analysis and assessment of the volume of Italy's arms exports is difficult for a series of reasons, of a political, industrial and economic nature.

For 1968 and 1969, for example, the most credible source is an estimate made by the IISS of London, which assessed the volume of sales for the two years at a total of 120 million dollars (around 70 billion lira).

Fairly similar is the estimate made by the SIPRI, which presents exports of "major" arms systems to third countries as follows :

industries active in the sector" reached 2300 billion lira.

However, merely on the basis of business deals concluded, and on the basis of more authoritative estimates, one can estimate the total volume of Italy's military exports between 1975 and 1981 at around 4500/5000 billion lira, with a constant annual increase in value and volume of around 15/20 % by comparison with the corresponding values for the previous year. For 1978, according to data provided to the CASM (Centre for Higher Military Studies) during a confe-

(in 1975  
U.S. dollars)

1967	20 million dollars	50 billion lira
1968	67 million dollars	figure unknown
1972	52 million dollars	110 billion lira
1973	56 million dollars	135 billion lira
1974	139 million dollars	180 billion lira
1975	72 million dollars	245 billion lira
1976	159 million dollars	300 billion lira
1977	152 million dollars	330 billion lira

(Total exports of aeronautics equipment according to the estimate of the AIA - Associazione Industrie Aerospaziali - Union of Aerospace Industries).

In the electronics sector, according to a study by the ANIE (Associazione Nazionale Industrie Eletttroniche ed Elettrotecniche), military exports increased from 65 billion lira in 1972 to 93, 108, 154 and 243 billion lira in 1973, 1974, 1975 and 1976 respectively.

Moreover, the White Book on Defence published by the Italian General Staff in 1975 asserts that in that year "the value of foreign business handled by Italian

rence, the figure may amount to 1200 billion lira.

However, it is rather hard to work out annual figures, in view of the fact that various contracts have an economic lifetime which extends over two or more years, and certain contracts signed by purchasers are subsequently suspended, while others, which are regarded as firm or suspended, have been signed at different times from those planned.

2500/3000 tonne range, able to perform the functions of flagship, and on the other hand a range of high-technology corvettes and missile-launching patrol boats in the 500/700 tonne range, which comprise an inexpensive arm of the fleet which can be repeated in large series, with low personnel requirements and offensive capacities such as to ensure a good cost/efficiency ratio.

In the first category, best-known are the 2500-tonne missile-launching frigate of the *Lupo* type, with a sophisticated weapons system basically designed for anti-ship combat, with which Italy achieved notable sales success, and larger units, of the 3500-tonnes *Maestrale* class, derived from the *Lupo* and with more extensive capacities in the increasingly important area of antisubmarine warfare.

## Main Italian Exports in the Naval Sector

Cantieri Navali Riuniti			
Lupo type frigate	Peru	2 + 2 licence	(1974)
Lupo type frigate	Venezuela	six vessels	(1975)
Lupo type frigate	Egypt	two vessels	(1977)
Lupo type frigate	Iraq	Four vessels	(1980)
650-tonne corvette	Libya	four vessels	(1975)
800-tonne corvette	Ecuador	six vessels	(1978)
800-tonne corvette	Iraq	six vessels	(1980)
8700-t logistic support vessel	Iraq	one vessel	(1980)
Cantieri Navali Breda			
250-t patrol vessel	Thailand	three vessels	(1976)
450-t patrol vessel	Thailand	three vessels	(1980)
Intermarine			
Lerici type minesweeper	Malaysia	four vessels	(1980)
Various shipyards			
Over 70 patrol boats, motorboats, light vessels, etc.			

In the second category one finds vessels of the *Wadi Mragh* and *Esmeraldas* type, the corvettes for Iraq (produced, like the *Lupo* and *Maestrale*, by Cantieri Navali Riuniti), and corvettes and missile-launching patrol boats of the *Ratcharit* class produced by the Cantieri Navali Breda for the Thai Navy.

In these areas, Italy's penetration has been and still is very intense, partly because there has been no price rise to limit the ability of potential purchasing navies to acquire vessels (as has been the case for vessels of the cruiser class, which are now oversized for most navies). On the other hand, the sector has not known the market saturation which, due to the huge supply and sales of German, French and British products, has occurred with missile-launching patrol boats or smaller vessels.

One also notes that many purchasing countries such as, for example, Argentina, Spain, Greece, Turkey and South Korea, have become first manufacturers under licence

and subsequently exporters of such vessels, thereby contributing to saturation of the market.

Therefore, although with vessels such as the *Lupo*, *Maestrale* and *Garibaldi*, various types of corvette and *Sauro* type submarines, the Italian shipbuilding industry has managed to acquire, satisfactory sales abroad. The private shipbuilding industry, which is tied to smaller vessels, has suffered from this strong competition both at the level of the European user countries and at the level of the purchasing countries themselves, many of whom, as a result of their rapid technological progress and the relative simplicity of the product, have managed to develop their own designs, which has had a major influence on the market.

It is significant that few of the various small Italian shipyards have really managed to profit from the export market for their own production. For example, the Intermarine shipyard at Sarzana, which built numerous GRP motor boats for African countries such

as Gabon and which, in particular, have under construction some ten *Lerici* minesweepers, six of which are for the Italian Navy and four for the Malaysian Navy. For the other shipyards (Crestitalia, Picchiotti, C.N.L., Cantiere di Pisa, Baglietto, etc.), the market is limited to construction for the Italian paramilitary forces (coastal police boats for the "Guardia di Finanza", the police and the "Carabinieri") and to a few, significant though isolated foreign sales. The presence of strong, firm commercial competition abroad and the lack of a decisive economic and political effort by the Italian Government have up to now conditioned the capacity for success of an industry which is otherwise sound and thriving.

### Shipboard equipment

The real boom in the naval sector in Italy over the last few years has been chiefly in the field of naval components, which have been the real technological and commercial spearhead of a newly created industry.

Apart from the systems (weapons, electronics, communications, etc.), sold on a turn-key basis as an integral part of successful vessels such as the C.N.R. corvette (or frigates, there have been numerous individual successes for various Italian-produced weapons systems.

These successes have been highly rewarding in that weapons systems, electronics systems and minor components have in themselves a high technological value and hence a far greater added value than hulls.

These export successes are also highly rewarding in that they have permitted a continual increase in Italy's technological level in sectors which up until then had been exclusively dominated by countries such as the United States or certain European countries (France, Germany, Great Britain) in which there was a far stronger tradition of electronic technology and technical know-how.

An undisputed example of the various naval weapons systems provided by the Italian industry remains the 76 mm Compatto multi-purpose weapon produced by OTO Melara which, with the improvements such as Borletti proximity fuze, its fire control system, radar systems, IR and optical systems, etc.) has become a great success, and equips vessels produced both for the Italian Navy and for foreign customers (of all sizes, from the *Audace* class missile-launching cruiser to the *Sparviero* type missile-launching hydrofoils).

Even countries with advanced technology such as the United States and Japan have purchased the production licence for the weapon, which has been installed firstly on missile-launching hydrofoils of the PHM *Pegasus* type (which were already central to a joint three-nation programme, subsequently suspended, between the USA, Italy and Germany) and on missile-launching frigates of the *Perry* class, built for the US Navy and exported to Australia and Spain, and in the case of Japan, on a new class of frigates. The OTO Melara Compatto 127/54, which is an improved version of the smaller weapon and is designed particularly for anti-ship warfare, has also achieved good sales successes, equipping, in addition to the *Audace* and all vessels of the *Lupo* and *Maestrale* type advanced-technology ships such as the four Canadian frigates of the *Iroquois* class.

The same can be said for other weapons such as the Breda/Bofors 40 mm twin turret, derived from the famous Swedish 40/L70 battery equipped with a new, perfected loading system which has made it possible to increase the firing rates and optimize a weapon, which was already renowned for modern warfare such as point defence and anti-missile defence. The turret now equips many vessels in various navies, and is due to be joined by a similar system based on the Mauser 30 mm gun.

This ability to update and optimize systems with sound characteristics in order to produce competitive, up-to-date weapons has proved to be one of the strong points of the Italian arms industry.

This was the case for AA missile systems such as the Albatros, largely derived from the NATO Sea Sparrow system, with the result that the Albatros can be offered with Aspide missiles (also available in an air-to-air version) as AA missile components on the export *Lupo* and on even smaller vessels such as the 800-tonne helicopter-carrier corvettes of the *Esmeraldas* class. The same was also the case for the ILAS-3 shipborne light antisubmarine torpedo system based on the A.244 type (324 mm) developed from the American Mk 46 torpedoes and built and marketed by Whitehead Motofides.

At the same time, electronic components have undergone decisive technological progress which has led the Italian industry (Selenia, SMA, Elettronica and ELSAG in the forefront) to abandon the position of licenced manufacturers of products derived from United States know-how, exclusively for the domestic market, to become a high-technology industry producing air or ground surveillance radars, fire control and tactical

control systems wholly designed and produced in Italy. Insofar as concerns exports, while the surveillance and navigation systems are for the most part sold or marketed as integral parts of the "ship package", the steering and fire control systems have followed, as is logical, the sales successes of the weapons systems in which they are incorporated, thereby encountering a still greater market success and more widespread dissemination. The field of naval propulsion has also achieved success and has strengthened the development of the Italian arms industry. Starting from a flourishing market for diesel engines of various types and ratings, supplied by experienced firms (such as the Grandi Motori Trieste, C.R.M., Castoldi, AIFO, C.R.M., Isotta Fraschini) and auxiliary propulsion units (to link the control units for the *Lupo* and *Maestrale*, built by SEPA with advanced technology, or reducer sets produced by Franco Tosi), Italian industry has achieved the most prestigious results in the field of gas turbines.

The successful series originating with the LM 2500, an aeronautic type turbine designed and produced by the American General Electric but converted for marine applications and marketed by Fiat, has achieved notable export successes and has led to the development of a subsequent range of similar turbines for various power ratings and applications, such as the 5000 h.p. LM 500 (as against the 25,000 h.p. of the LM 2500) derived from the TF34 turbofan with a high bypass ratio, which equips aircraft such as the Lockheed S-3A Viking and the Fairchild Republic A-10 Thunderbolt II.

Nowadays, there is talk, at least for certain types of vessels, of conversion for marine applications and marketing by Fiat of the LM 5000 turbine, with twice the power of the LM 2500 and designed above all for a sophisticated Western market.

Major advances in quality, have thus enabled the Italian naval engines industry to acquire a high level of know-how and have also enabled this same know-how to be transferred to the sector of aircraft engines.

### **Aerospace industry**

The Italian aerospace industry, which came out of the Second World War virtually destroyed, began its revival as licence-manufacturer of aircraft designed to rebuild

the renascent Italian Air Force.

In the fifties, which were marked by the major step forward from propeller propulsion to jet aircraft, the Italian aeronautics industry worked as subcontractor for the construction of completely new aircraft such as the F-86 series in its various versions (many of which are still in service), which culminated in the development of an aircraft which was at the time in the vanguard of technology and which is still in many respects unequalled: the Lockheed F 104 Starfighter interceptor. At the same time, aircraft wholly made in Italy (excluding the engine) were produced such as the Fiat G 91 and the Aermacchi MB 326.

A technologically more advanced operation was the manufacture by Aeritalia of the F 104 G and the TF 104 G equipped with General Electric J-79-GE 11 engines and

subsequently, to its own design, Aeritalia-Lockheed F 104 S version equipped with the J-79-GE-J1Q and with greater speed and operating independence, equipped with Sparrow A missiles (and later with the Aspide produced by Selenia) and with completely adapted flap structures to also increase manoeuvrability. This version was also acquired by the Turkish Air Force.

As was already the case in the naval sector, the Italian military aeronautics sector passed, to the manufacture of equipment partly derived from the previous generation, and to the entry into multi-national projects, of which the most important in this sector is undoubtedly the Panavia Tornado, designed for in-depth penetration behind the enemy lines, based on a twin-engine formula with variable geometry wings, which was jointly developed by Aeritalia, British Aerospace MBB.

Although the Tornado has already been adopted by the Air Forces of the countries involved in various versions (in Germany, it has also been purchased by the Bundesmarine, while Great Britain has derived from it an A.D.V. version designed for interception), it nevertheless remains an aircraft which is too advanced and costly to be supplied to traditional Third World markets, which still require more "rustic" and less sophisticated aircraft, and above all aircraft designed for their own specific requirements rather than for those of the European theatre.

However, the project was a good investment through which Aeritalia was able to acquire a reputation in the international field and a credibility which enabled it to promote the marketing of more "exportable" aircraft such as,



for example, the G 222, originally designed as a tactical transport aircraft for the Italian Armed Forces and subsequently proposed in this and many other versions for foreign markets with good sales successes, especially in East Africa.

The G 222, which is equipped with advanced technology subsystems and is easily adaptable to the armed forces of the developing countries, is now available in various versions: with electronic countermeasures, parachute transport, fire-fighting medical evacuation etc.

This increased penetration has also enabled Aeritalia to launch into an undertaking such as the AMX, in conjunction with Aermacchi and the Brazilian firm Embraer, which provides for the construction of a large number of aircraft which, in Italy, will replace the now outdated G-91 for tactical support and fighter-bomber applications and which, prove an attractive proposal on the export market.

Aermacchi is also in a favourable commercial position. The MB 339, successor to the highly successful MB 326 (still in service in countries such as Australia, Tunisia, Ghana, etc.), is proving good sales potential not only in Italy, where it has been purchased by the Italian Air Force as a trainer and, because of its excellent manoeuvrability and high performances, to serve as a replacement for the old G-91 PAN of the Pattuglia Acrobatica Nazionale (National Aerobatics Team), but is also sold on foreign markets such as in Peru, with excellent opportunities due to the aircraft's performance, favourable purchase price and low operating costs.

In addition, the MB 339 cell has proved suitable for use, as was the case for the MB 326, as a light tactical support aircraft, or for extrapolation to a single-seater of similar characteristics, but optimized for ground attack and tactical support, while maintaining the price and performance at the same levels as for the basic aircraft. (MB 339K Veltro 2).

Alongside Aermacchi and Aeritalia, other

firms continue to operate with modest success, such as Piaggio (which offer light aircraft for maritime patrol, designed for a growing market, such as the P 166) and SIAI-Marchetti, of the Agusta group, which has recently added to its range of light propeller-driven aircraft for patrol and basic training a light jet trainer (the SIAI S.211) which has aroused interest and curiosity in the aeronautics sector due to its simplicity and low price. Agusta has become the real colossus of the

Italian aerospace sector, developing from a mere licence manufacturer of Bell helicopters to the requirements of the Italian Armed Forces to a manufacturer of original products based largely on the firm's own technology, and rapidly taking over markets which had previously been the traditional stronghold of United States' exporters.

The SH-3D Sea King designed by Sikorsky, for example, which now represents one of the most successful examples of the medium-sized multi-purpose helicopter which is especially effective in naval applications and for antisubmarine warfare, is now a typically Italian product, is marketed throughout the world by the Italian firm.

In addition, studies and tests have recently been carried out on the cell of this helicopter, resulting in its certification for operation with various types of antiship missiles such as the Exocet AM 39, Sea-Killer and AS torpedoes. Another successful helicopter is the AB 212

ASW, which has been sold in numerous countries (Peru, Venezuela and probably Iraq) in addition to serving with the Italian Navy, and which will probably in the future be joined by the AB 412 four-blade version equipped with fibreglass blades and improved technology.

In particular, studies are in progress at Agusta, which the Italian Navy is also interested in, with a view to increasing the payload and/or operating range of the 212, which should have many years' service still in front of it, and which has, in addition, recorded a very low rate of operating accidents, none of which, up to now, can be attributed to the aircraft.

Agusta is also very interested in the commercial transport market (e.g., for liaison with off-shore oil platforms) and the utility transport market, in which it has highly modern and very competitive aircraft even for the sophisticated United States market, and the firm is also very active in the field of helicopters for overland applications, ranging from the CH-47 transport to the various versions of the A 109, including the new A-129 Mangusta ("Mangusta"). The merger of Breda Nardi into Agusta has also enabled the firm to extend the range of resources available for Breda Nardi's production of small helicopters (scout, light support, observation, etc.) derived from the Hughes designs, the market for which is at present rapidly expanding.

We shall not, in view of the nature of the present article, deal with the large series of thriving aeronautics subsystem industries (ran-



ging from Oleodinamica Magnaghi to Irvin, and from FIAR to Officine Galileo), which have shared in the success of the Italian aeronautics industry and the arms industry in general, whose production is incorporated either in locally produced aircraft or, with increasing frequency, in aircraft produced by industries outside the Italian and European orbit.

## Ground armaments

In this sector, the driving thrust is provided chiefly by two firms, Beretta and OTO Melara, for small arms and heavier combat systems (armoured vehicles, troop transports, artillery, etc.) respectively.

The former firm, the oldest Italian arms production plant, which was founded in 1680 as an artisanal laboratory specialized in the construction of high quality weapons, has in the last few years become a fundamental feature of the Italian military landscape, with various plants in Italy and abroad, a participation agreement with FN of Herstal (Belgium) and a product range which, from the initial products under licence of the post-war period has led to the development of a very large range of modern military weapons.

From the Garand and the FAL, Beretta has moved forward, today, to the construction of weapons such as the calibre 9 mm parabellum PM12S automatic pistol used by the Italian Armed Forces and exported to numerous foreign countries, the famous "92" automatic pistol (92S, 92SB, 92SB COMPACT and 93R) and, in the light of present studies for reduced calibres which are in course both in NATO and in all the major armies of the world, a new range of automatic rifles in 5.56 mm calibre (.223) such as the AR 70, SC 70, the SC 70 Short (short-butt version of the previous weapon) and the new light machine-gun LMG 70-78 in a 5.56 mm calibre version.

Of OTO Melara, the other "great" in the Italian army equipment industry, we have already spoken in the section dealing with naval armaments. Nowadays, OTO is the leading Italian firm in the arms sector, with a largely confirmed product range including naval guns and systems (Otomat, Albatros, etc.) and vehicles such as the Camillino (modernized and improved version of the famous M-113 troop transport vehicle, which for a long time was produced under licence), the Palmaria (46-tonne mobile artillery unit

equipped with a 155 mm barrel), the Leopard (the well-known and extensively exported combat vehicle produced by Krauss-Maffei, produced for the Italian Army, of which OTO Melara has built a huge quantity), the three-nation 155 mm FH 70 weapon, and above all the new OF 40 battle tank, the first independent product of the Italian weapons industry in the tank field since the Second World War designed, in series production, and already on order from OTO Melara by Dubai.

The tank in question is, as described in "Defense and Armament" No. 2, a medium tank of conventional design with similar characteristics and performances to those of such tanks as the Leopard 1 and French AMX 30, specifically designed for markets such as the South American and Middle Eastern markets, by virtue of its low cost, high quality and the fact that the OF 40 in addition, being of local design, will not be subjected to the approval requirements which are needed to sell arms built under licence abroad.

The first sales success of OTO Melara, which still achieves worthwhile sales, is the 105/14 light howitzer, of which over 2000 have been built since 1956 and exported to 23 countries, and which is still produced at a rate of 100/year.

A modest sales success was also obtained by two 4 x 4 light armoured vehicles, the 6614 and 6616, built in conjunction with Fiat (which was prime contractor for the project). OTO is also shortly due to present a range of vehicles which will strengthen its presence in the field of light armoured vehicles.

There is talk of the R3 project, an armoured amphibious vehicle of limited size, equipped with a 20 or 12.7 mm weapon, capable of transporting half a platoon (5 men) and providing a reliable means of rapid transport at purchase and operating prices which should be fairly low. There is also talk of a vehicle, known as the R 2.5, which will be an armoured jeep version of the previous vehicle, incorporating the same mechanical systems with a square bodywork and a carrying capacity of 4 occupants, designed to protect the platoon commander and to operate in conjunction with the aforementioned R3.

Another project on which OTO Melara is at present working is that of a mobile AA field gun based on the successful 76 mm naval Compatto with a high firing rate of 100-120 rounds/minute, and which may be installed on the OTO frame or on other frames as the purchaser may choose.

The device is designed on the basis of the observation that the continual progress made by anti-tank helicopters has rendered these machines capable of engaging combat with combat vehicles at increasingly greater distances, out of range of traditional AA weapons (rapid-fire guns of 20 to 35 mm calibre) and that the helicopters themselves have become increasingly less vulnerable by the use of armour and the adoption of new operating tactics.

A larger calibre could, consequently, have greater chances of success against modern helicopter devices engaging combat at long range, and, moreover, it is not proven that the price of this system would be greater than that of the present light AA systems employed, which are technologically advanced weapons with very high technological costs (one need merely think of the astronomical price of the best German Gepard 35 mm mobile SP gun with Oerlikon radar-assisted twin turret).

Among the other firms specialized in army equipment one may mention SNIA (now BDP — Defence and Space Equipment) with a large production of rockets, missiles and propellants, explosives, etc.; Italian Oerlikon, which produces a range of light weapons (calibres 20, 25, 30 and 35 mm), which have found a ground, naval and aerospace applications, Meteor, which produces remote-controlled target systems, and a large number of small manufacturers of subcomponents and accessories.

## Conclusions

The Italian arms industry today, according to the most recent estimates, is about fourth or fifth among the major.

The Italian defence industry provides work, either directly or indirectly, for around 150,000 people, with a growth which has brought, for example, the aerospace industry from a figure of 23,000 dependent workers in 1974 to over 33,000 in 1977, and the defence electronics industry from 10,900 dependent workers in 1972 to 15,800 in 1976.

The notable growth of the sector, especially in the seventies, due to the developing technological level of the Italian arms industry which enabled Italy to place on the market advanced systems at competitive prices, and frequently totally innovative systems with characteristics not yet equalled by those of the other European arms industries, is still continuing at the beginning of the eighties.

Following the development of the naval ship-building industry, rapid progress is now being made in the aeronautics sector and in the field of army equipment, which are acquiring increasing technological independence and competitiveness.

This now enables the Italian arms industry to cover with its own production virtually the entire range of possibilities required by potential purchasing countries in the naval, air force and army sectors. The great importance assigned to personnel training, training and creation of infrastructures have provided Italy with credibility in the international field which, by such measures as the Navy Law, the reinforcement of the marketing sector and definite (although still scanty) government support for exports, has been further reinforced over the last few years.

## ITALIAN LAW GOVERNING FOREIGN SALES OF MILITARY EQUIPMENT

Exports of military equipment produced by Italian industry are now governed by a general law concerning "exports of equipment subject to licence" which covers not only military equipment but also a range of civil type equipment, structures and products.

In practice, an Italian firm must receive the authorization of an interministerial commission which contains representatives of five ministries (Foreign Trade, which issues the export licence if it is granted, and the ministries of Industry, Finance, Defence and Foreign Affairs). This authorization concerns the initial negotiations with the potential purchasing country, and only for the product for which the authorization is granted.

If the negotiations are successfully concluded, a subsequent authorization must be applied for by the manufacturer concerned, again to the same interministerial commission, for the sale of the product in question to the foreign country in question. Like the previous authorization, this authorization is limited in time, and in the event of an interruption and subsequent resumption of negotiations, a new application must be made.

The authorization, moreover, is not to be regarded as "customary" and as a right, but is merely a grant and may be cancelled or restricted depending on the circumstances.

The Italian defence industry, now largely freed from the export restrictions imposed on licence manufacturers, has a definite need to improve and consolidate its position on the market. What is required is a decisive government support programme, chiefly in the form of political and commercial support for sales, and a campaign of economic credits and credit allocations to industry and the

purchasers. This will enable the Italian defence industry to compete with European nations such as Germany and France, where this effective collaboration between government and industry has been one of the trump cards in their export programmes. And not only in the military sector. ■

#### PHOTO CAPTIONS

1. The P421 Nibbio is the first of a class of six hydrofoils derived from the Sparviero, which are being built by C. N. R. for the Italian Navy.
2. The Dardo close-in weapons system, as shown here, comprises a twin Breda/Bofors 40 mm and a Selenia Orion 20X fire-control system.
3. The Italian Navy's frigate Maestrale F 570 is the lead ship of a class of six units currently planned.
4. The submarine Nazario Sauro, built by Italcantieri for the Italian Navy, is being very actively marketed by Italy on the export market.
5. The stabilized aerial of Selenia's RAN-10S search radar (designated SPS-774 by the Italian Navy) is the main air surveillance system fitted to Lupo-class frigates.
6. Three Ratcharit-class patrol boats, built by the Breda shipyards for the Royal Thai Navy.
7. The RAN-11 L/X, jointly developed by Selenia and SMA, can be used as main sensor on light vessels, or as an auxiliary surveillance sensor on bigger ships.
8. The FIAT/GE LM 2500 gas turbine is used for high-speed propulsion on the Lupo- and Maestrale-class frigates, and will also power the Italian Navy's new cruiser, the Giuseppe Garibaldi.
9. The SEPA fire-control system, intended for guidance of submarine-fired A-184 ASW torpedoes.
10. The A-184 anti-submarine torpedo, with a 533 mm diameter.
11. An Augusta A-109 helicopter, armed with TOW antitank missiles and a Mira thermal sight.
12. The first MB-339PAN of Italy's "Frecce Tricolori" aerobatic team.
13. One of the MB-339s sold by Macchi to the Peruvian Navy; this aircraft has also been supplied to Argentina.

14. Agusta now holds the sole rights for manufacture and marketing of the Silorsky S-61.
15. The Panavia Tornado is Italy's principal aerospace programme; the programme leader is Aeritalia.
16. A retouched photo showing the new AMX light fighter-bomber, being jointly developed by Aeritalia, Aermacchi and Embraer of Brazil.
17. Firing of an OTOMAT antiship missile, jointly developed by OTO-Melara and Matra of France.
18. OTO Melara's new OF40 medium tank, which has already been exported to Dubai.
19. The laser head of Selenia's VAQ-33 rangefinder.
20. The FH-70, 155 mm towed gun was jointly developed by Italy, Germany and Britain; production of the Italian run is almost complete.
21. The armoured car Type 6616, jointly developed by FIAT and OTO Melara, the former being the prime contractor.

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## MODERNIZATION OF EDUCATION MINISTRY URGED

Istanbul CUMHURIYET in Turkish 16 Jun 82 p 7

[Text] The justifying statement for the draft proposal concerning the Founding Law of the Ministry of National Education states that the law is being approached from a Kemalist conception of education. It is stated that "the need for new powers and a new law is being felt" because the ministry has fallen very far behind contemporary views, developments, organizational requirements and organizational principles. It is also stated that the ministry in its present state is unable to function and inadequate for the purpose of meeting current needs.

The 21 page "Law proposal for the Organization of the Ministry of National Education" is supplemented by an 8 page justification of the proposal and its articles. The General Justification section of the 30 page proposal--justification booklet that has been presented to the Council of Ministers gives room to the following viewpoints:

"The achievement of educational objectives is only possible through the implementation of educational systems that have undergone development. For this reason, the ministry must be organized within a format that can most successfully accomplish the tasks of planning, implementation and oversight. Large scale quantitative and qualitative changes have been brought to educational services by the rapid increase in population over the last few years, the fundamental changes brought to societal structure as the result of industrialization, as well as the rapid development of educational methodology and subject matter. New requirements and problems emerged in parallel with these changes and these in turn gave rise to new responsibilities requiring new authority. As a result, new service areas were added and the organization was continuously expanded according to the needs and circumstances of the day through either the passage of new laws or through the approval of the ministry. No fundamental reorganization was undertaken. In time, this led to conflicts concerning the division of responsibilities, inadequacies in coordination and referral as well as a loss of cohesion. The delivery of services became inefficient, expensive and cumbersome. In this manner, the entire organization fell very far behind contemporary views, developments, organizational requirements and organizational principles. It reached a state in which it was unable to function and inadequate for the purpose of meeting current needs."

"Various research activities have been conducted at different times for the purpose of eliminating these inadequacies stemming from the organizational structure while various models have been developed from this research and several law proposals have been prepared. Nevertheless, the preparation of a new organizational model that is based in law, functional in nature and capable of responding to contemporary needs has not taken place since the adoption in 1933 of law 2287. The need for reorganization was made apparent once again following the operation of 12 September 1980."

The draft proposal for the Founding Law of the Ministry of National Education provides for the establishment of new entities and the adoption of new guidelines within the structure of the ministry. The names and purposes of the new units and entities are announced as follows:

- 1) The Turkish Language Supreme Consultative Council. This council is a high level consultative unit reporting to the minister. It is being established for the purpose of developing and utilizing the Turkish language as the language of contemporary education and science. It is being stated that the council will be headed by the minister and that it will meet at least once a year upon request by the minister. The council is expected to consist of a total of 21 members including the chairman. Ten of these members will be selected from the Ministry of National Education by the Minister of National Education and three of the members in this group will be selected from the Council on Training and Education. Five members of the council will be representatives from other ministries while the Ministry of National Defense, the Ministry of Culture and Tourism, the Higher Education Council, the State Planning Organization, the Turkish Radio and TV Administration as well as the Turkish Linguistic Association will each send one representative.
- 2) The National Education Academy will be established for the purpose of training administrators at all levels and for all functions within the ministry. The academy will train administrators through on the job training as well as post graduate education and will bring a halt to the practice of using teachers as administrators. It is being announced that the founding and operation of such academies will be regulated by charters.
- 3) The Mass Education Research Institute.
- 4) The Group Directorate of Information.
- 5) The Directorate of the Office of Information Processing.
- 6) The General Directorate of Foreign Relations and Studies Abroad.

The draft proposal of the Founding Law of the Ministry of National Education also brings new measures that will apply to the National Education Council. It has been stated that the draft proposal reviews requirements for council membership in a manner that will make the structure

of the council more productive. The draft proposal affirms that the council which has met on 11 occasions until now is the highest consultative agency within the Ministry of National Education. It is being indicated that from now on the council will meet once every three years upon request by the minister and that the council will meet in emergency session should the minister deem it necessary. It has also been learned that the proposal which has been presented to the Council of Ministers will be presented to the Consultative Assembly in days to come following approval by the council.

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END